How to Co-operate

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HOW TO COÖPERATE.

THE FULL FRUITS OF LABOR TO PRODUCER, HONEST VALUE TO CONSUMER, JUST RETURN TO CAPITAL, PROSPERITY TO ALL.

A MANUAL FOR COÖPERATORS.

BY

HERBERT MYRICK

NEW YORK:
ORANGE JUDD COMPANY,
1914

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NOTE TO THE READER.

If this book does not tell you plainly just how to co-operate in the line you desire, the Author will, upon request, try to give you the precise information you want if you will ask for it in definite questions. He will also be glad to assist the co-operative movement in any feasible manner. It will be a favor if all efforts of this kind, now existing or hereafter established, be promptly reported to him. The Author may be addressed at Springfield, Mass.; or 52 Lafayette Place, New York City; or 504 The Rookery, Chicago, Ill.

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The Author is under obligations to most of the gentlemen mentioned in connection with the coöperative enterprises referred to in the following pages. They and many others have greatly assisted in the preparation of this work. The Author's most grateful thanks are cordially extended to each and all.

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PREFACE

The True Way Out of the evils that now afflict both producers and consumers is through an agency that already exists. It is right at hand. Its ways are the methods of peace. This agency requires no favored legislation, no political revolution, no social overthrow. It builds up instead of tearing down. Yet its success has been abundantly demonstrated under the most adverse circumstances. It is as permanent as a human institution may be. It supplies its own capital, insures its own prosperity, and increases in practical beneficence with age. Thoroughly Christian in nature and application, no phase of belief can take exceptions to it. Nor does it antagonize the reforms in politics and government and taxation, in land or finance or transportation, that are now so prominent in the public mind.

In one sense independent of all these, in another view it is indispensable to any reform that is to be of lasting benefit to the whole community. Yet it is intensely practical, perfectly adapted to country, town or city, within the reach of all grades of people, and thoroughly suited to the varied needs and capacities of producers and consumers in all the great vocations of life. Moreover, it interferes with no reasonable effort to ameliorate the conditions of society, but extends to such the hand of fellowship. Above all, it in no possible way antagonizes any farmers' secret orders or open organizations, and in no manner interferes with trade unions or labor

associations. Yet it is an agency through which all such orders, organizations, unions and associations may immensely stimulate and perpetuate their usefulness.

The true way out is summed up in the one word—*Coöperation.*

The present great farmers' movement, and the phenomenal activity among all industrialists, will be fruitful in results of permanent benefit according to the degree in which, without neglecting its specific objects, it embraces the principles of true coöperation. This movement must substitute coöperation for competition, thus reforming distribution and giving to the producer the full fruits of his labor, to the consumer honest value for money paid, and to capital an equitable return for its use and risks.

This manual is written to facilitate such a result. Primarily designed for farmers—producers and consumers in country districts—the wants of the toiling masses in town and city, factory, store and mine, have also been kept in view. To be thoroughly practical, within the grasp of those whom coöperation will most benefit, and a true friend and prudent adviser to the masses who must manifestly find their way out only through coöperation—is the high aim of this book. It means to describe the *How* rather than the *Wherefore* of Coöperation; to be a treatise on the Art,—just how to coöperate,—rather than a dissertation on the Science, Theory and Ethics of the subject. Less theory and more practice is the great need of coöperation. To what extent this aim has been fulfilled the reader must judge—not

THE AUTHOR.

HOW TO COÖPERATE.

CHAPTER I.

WHAT COÖPERATION IS AND IS NOT.

"United to Relieve, Not Combined to Injure," —the motto of the Arlington coöperators—states in the fewest possible words the province of coöperation. The union means united effort among individuals. The relief sought will vary with circumstances. Men often work in unison to accomplish political or religious reforms. This is coöperative effort of one kind. Again, people unite for their social, moral and educational advancement. Carried on in the right way this also is coöperation.

The True Coöperative Spirit.—Whatever working together is animated by the true coöperative spirit —the desire to do as we would be done by—is in one sense coöperation. Indeed, the aim of the early coöperators of half a century ago and earlier was the complete reorganization of society. They hoped to develop that spirit of equity and equality that is now perhaps best expressed by the term "Christian socialism." In such a state of society people would practice the cardinal principles taught by Jesus Christ, changing the existing order of things so far as necessary to carry out this beneficent purpose. This evolution was to be worked

out through the united action of individuals, rather than brought about by the government operation of industry contemplated by the average socialist of to-day.

Coöperation, as Herein Advocated and described, is mainly confined to union of effort, the fruits of which shall be divided among the participants according to *services* (labor) rendered, instead of being paid in dividends on *capital.* Attention is concentrated upon united effort in the following directions:

1. Buying and selling supplies—coöperative *distribution.*
2. Agricultural operations, and converting raw products or other materials into manufactured articles—coöperative *production.*
3. Saving and loaning money—coöperative *banking.*
4. Mutual fire insurance—coöperative *insurance.*

How Adapted to All.—It is not essential to such coöperation that the participants be extremists in social regeneration or idealists as to human perfection. One need not be a crank to become a coöperator. On the contrary, the wonderful power of coöperation lies in its adaptability. Coöperation accepts human nature as it exists in everyday life. This is why coöperation is so eminently practical. Coöperation takes men and women as they are, and through the exercise of mutual interest, tact and forbearance, unites them in effective work for a common object.

The progress of such union is in no small measure marked by the degree in which the members educate themselves in the morals and principles that underlie coöperation. But such education need not largely precede coöperative effort—the two go hand in hand. The best progress is made by combining the *practice* of coöperation with the *science* of coöperation. They are one and inseparable, to the fullest benefit. But the real way to coöperate is to coöperate.

Coöperation not a Monopoly.—Right here should be emphasized the fact that coöperation, as herein treated, is in no sense a "trust" or syndicate, as those words are popularly understood. There is just as much difference between true coöperation and the trust, or syndicate, as there is between black and white. The difference is just this: In Coöperation, people hire capital, pay expenses of the business and divide the profits in *dividends on labor,* that is, on goods handled or produced. The capital may be furnished by the coöperators or hired outside. It is simply hired, and a moderate rate of interest paid on it. The profits and economies effected by coöperation are divided among the producers and consumers according to their product or labor. The Trust is a combination of capitalists which practices extortion upon both producer and consumer in order to pay still bigger *dividends on capital.* The trust aims at extravagant returns on capital at the people's expense. Coöperation aims at equal distribution of the profits of industry among the participants, after paying capital its hire.

In other words, both systems reduce expenses, but coöperation pays the profits in dividends on labor, the trust pays profits in dividends on capital. The trust puts monopoly in the place of competition. We would substitute coöperation for competition.

The difference between the two is thus fundamental. The one aims at the interests of the masses, the other at the interests of the capitalists. The trust works to make the people the slaves of capital. Coöperation would have capital the reasonably paid servant of the people. Coöperation stimulates self-help. It renders it easy for people to help themselves; it makes them happier and more prosperous. It builds up the entire community, and without injury to any interest. It takes the place of competition, in a legitimate sense.

Coöperation is, in every respect, well for the people and the state, whether considered in a moral, social, religious or financial sense. The trust is the opposite of all this.

Coöperation vs. Joint-Stock.—Neither should the coöperative corporation be confounded with the joint-stock enterprise. A joint-stock company is simply a convenient plan for dividing the ownership of a business among a number of persons. Such a concern, like a private partnership or business conducted by an individual, is run to make profits on capital only. Each share in a joint-stock corporation is entitled to one vote. Thus capital both controls the management and the profits. Now in coöperation each member has but one vote, irrespective of the number of shares he owns, and the profits (after paying capital its hire at market rates) are divided in dividends on labor or purchases. In coöperation, the *people* rule and divide the profits; in joint-stock, *capital* governs and absorbs the profits.

Coöperative vs. Private Trading.—The great point urged against the coöperative management of distribution and production is that good men cannot be secured to manage the coöperative society. The man who would make a success of a coöperative society will go into business for himself, is the argument used. It is also claimed that not sufficient oversight can be paid to the business by directors or managers, and that the chances of loss and failure are much greater in coöperative societies than in "regular" enterprises.

Yet the very men who thus object so strongly to coöperation among the people practice it themselves. They know it is a good thing for them, but don't want the masses to get its benefits. Look at the big stores in our large cities—Wanamaker's, in Philadelphia, for instance. Since its heads of departments are so competent, why don't they go into business for themselves?

If there is such danger of loss and thieving in a large business, why doesn't John Wanamaker do all his work himself? A still more forcible example is that of the Thurber Whyland Co., also the H. B. Claflin Co., of New York. These enormous dealers in groceries and dry goods respectively have recently been capitalized, and have placed their stock as extensively as possible among the storekeepers throughout the country with whom they trade, and also among their own employes. They thus practice a most efficient kind of coöperation, insuring a large trade by giving the customer part of the profits. The only difference between this system and the coöperative store, like that at Lawrence, Galveston or Olathe, is that in these coöperative societies profits are divided in dividends upon purchases, while the Thurber or Claflin companies divide their earnings in profits on capital stock. In the latter case, the purchaser who makes the profit gets only as much of it as his share-holdings permit; while in the genuine coöperative store each member gets all the profits of his own trade—a vast difference.

Good men can be secured to manage coöperative enterprises and are worth just as much to them as to private traders. The real trouble has been that many coöperators tried to do a big business with small men. A cheap man may do at the start, if he is faithful, but if he fails to develop with the business, and does not become more valuable, the "coöps" should get a better manager. The best man is usually the cheapest, though he may cost much more.

Education Required.—The "almighty dollar" is the thing that appeals most forcibly to the average of mankind. Since, therefore, we must take human nature as we find it, the first thing is to educate the people up to the fact that coöperation will *pay*. How much it will pay depends upon a variety of influences, especially

the faithfulness of the coöperators and the management by the officers. In distribution, cooperators can expect to pay fair interest on capital, accumulate a reasonable reserve, charge off conservatively for depreciation, pay a mite to the educational fund, and still have from 5 to 10 per cent to declare in dividends on the amount paid for goods bought by coöperators. An equally large dividend may be expected on the price received by farmers for produce sold at market rates through the cooperative exchange. Actual results of the profits and economies of coöperation are given in the ensuing pages.

But as soon as people get ready to cooperate for the profit they will thereby make or save, they will begin to see that the more thoroughly each individual is educated in the great principles of united effort the larger will be their profits, not only financially, but socially and in other ways. Thus the desire to save money or accumulate a competence will become the active power in the great social reform that must gradually come about in the substitution of the practices and blessings of coöperation for the strife and ills of competition. The higher the plane of the educational work—provided it is kept strictly within the means, limitations and necessities of the coöperators—the more real progress will be made. The intellectual, social and moral development of coöperators should ever be a leading object. Education in these lines stimulates due regard for each other's feelings and wants, and promotes better citizenship and better Christianity. Yet cooperative education achieves this end without infringing in the slightest degree upon the religious or political convictions of cooperators.

Coöperation vs. Politics and Religion.—Indeed, it is to be plainly understood that coöperation, as herein advocated, has no direct relationship, in a sectarian or partisan way, to either religion or politics. Believers in all sorts of religious creeds, agnostics and atheists, may

work together in coöperative enterprises without even a suspicion of their individual differences on the great problem. Why? Because by mutual agreement these matters are ignored at all meetings of the coöperators as such.

Likewise protectionists and free-traders, republicans, democrats, prohibitionists and persons of diverse views in politics and economics, make model coöperators by dropping this line of thought and action so far as their coöperative corporation is concerned.

But outside of the coöperative meeting, nothing hinders members from exercising their rights and privileges in advocating their opinions on these or other controversies of the day. Coöperation, therefore, is not a scheme to proselyte peculiar faiths or politics. Without interfering in the slightest degree with individuality in this direction, coöperators unite for financial, social and educational improvement.

The education required will therefore show that while the immediate object of coöperation is the making or saving of money by the people on their own supplies or labor, it involves principles of far greater possibilities. This education will also prove that the more perfectly these principles are lived up to by coöperators the greater will be both their material and ethical benefits.

While good business management is essential, unless the promoters are largely imbued with the spirit of true coöperation, success in a pecuniary point of view is doubtful, and the beneficent results, morally and intellectually, will be entirely lacking. While not losing sight of the dollars and cents, the members should realize that the effort is in the line of progress and equity; that distributive coöperation is to develop into industrial (where lies its greatest conquests in the future) and thence to integral coöperation.

What Coöperation is Not.—It is not a scheme whereby visionary enthusiasts can reform the world.

It is not a new plan of *transacting business*, but rather a different method of *dividing the fruits* of industry—to labor rather than to capital. The same principles that govern success in acquiring profit on capital, apply to the acquirement of profit to divide upon labor. Industry, application, perseverance, good judgment,—all are required in the coöperative as in the existing methods of industry. It is possible for the dishonest merchant to thrive, but coöperation must also depend largely upon the moral integrity of the coöperators. Indeed, one of the marked distinctions between the new and the old system is that coöperation is "a new means of commercial morality, by which honesty is rendered productive." The standard quality and quantity of coöperative goods are among their chief merits.

So coöperation is not a sure way to ease and comfort for the shiftless who won't work, who will not pay for what they buy, and who refuse to pay others for working for them. It is not a means whereby the business of production and distribution will run itself and pour a golden stream into the pockets of the people. It is not proof against the errors of ignorance or mismanagement. Neither is it proof against the knavery of man—against fraud or theft.

In short, coöperative effort is by no means independent of the every-day principles that underlie success in any undertaking or business. It is not philanthropy. It is not a bestowal of alms upon the unfortunate who cannot or will not try to get ahead. On the contrary, coöperators help themselves, earn their profits by their combined thrift and effort, and enjoy the full fruits of competence gained by honorable and independent labor,—the process being hastened by faithful working together in distributive, productive, savings and loan, or other forms of coöperation.

The Perils of Credit, all of which are avoided by coöperation, are succinctly stated in an English leaflet

reprinted by several American "coöps." Every coöperative store or society will do well do reprint this leaflet for its members. It is as follows:

"In its demoralizing influence, credit is undoubtedly next to the terrible drinking habit. Credit does not encourage thrift, which comes from economy and saving. Credit degrades the individual by a consciousness of wearing unpaid for clothing, or of owing for food that has produced the flesh on his bones. Credit helps to keep the working man dependent, and at the mercy of his employer. Credit may absorb a good portion of the capital of a coöperative store, and place it in so much the worse position for buying to the best advantage. Credit increases the cost of living and distribution, and otherwise affects the cost of production in every branch of manufacture, at least twenty-five per cent. Credit inflicts upon the community a frightful tax for the support of an army of accountants, lawyers, and others, and this tax falls upon the consumers. Credit opens, to a large class of unprincipled persons, a channel for the most bare-faced robbery. There is only one way by which the poor can acquire capital, become free from the servitude of debt, and avoid the perils of credit, and that is by the profits that can be gathered from the articles, which they can consume, made possible by coöperation on the Rochdale plan of buying and selling pure goods at fair market prices for cash, and distributing equitably the profits. A dollar saved is as good as a dollar earned. The great object of coöperation is to encourage living within one's means, and saving from spendings, to accumulate capital, and thereby elevate life and improve social position."

The Required Organization.—Union of effort in distribution, production, banking or insurance, is largely a matter of business. Therefore, it does not require a secret organization. It is not absolutely essential to

coöperation that it be conducted by the Grange, Farmers' Alliance, Knights or Federation of Labor or similar secret organizations. Properly managed, however, these and similar orders are of great value in educating their members up to the possibilities and practicability of coöperation. The coöperative society may be composed entirely or partly of members of any one or all of these or like orders. But so far as the coöperative business itself is concerned, it is not essential that membership should be limited to those who are identified with existing secret or open organizations. If the shareholders in a coöperative store are limited to those who are members of a grange or other lodge, it is mainly to confine the benefits of coöperation to the members of that special order. But associated effort in business is by no means confined to these organizations. It is open to them all and to the general public. Of course the more fully the Grange, Alliance, and Federation or Knights of Labor avail themselves of the benefits of practical coöperation under good management, the stronger will be their hold on their members. But the benefits of coöperation are open to all who choose to avail themselves of the same.

The organization actually required is a company, society or corporation legally instituted under the laws of the State or Territory in which it exists. The requirements of the laws in the respective States are summarized in another chapter. The greatest care should be taken to start a coöperative store on a legal basis so that its rights and powers may be clearly defined, and the liability of its members and officers confined to the amount each has actually invested. This is essential to proper management and for the protection of the members. Not a few coöperative enterprises organized from 1870 to 1876 came to grief not only through mismanagement but because they were not legally incorporated or organized, and in some cases the individuals who had

done the most work and put in the most money were also held for the debts of the society. All such contingencies can be avoided and individual liability guarded against by organizing under the statute. In completing the details of the coöperative organization, or securing its charter or license, the services of a lawyer should be secured.

The Terms Employed.—A *coöperator* is one who is a member of a coöperative association and actively interested in its welfare. A *shareholder* is a person who owns one or more shares of the capital stock in a coöperative society. This term is preferable to "stockholder," the latter being universally employed by capitalistic corporations. *Interest* is the amount paid for the use or hire of capital. *Dividend* is the rebate to members on their purchases or sales, or on their labor, and should not be confounded with the same term used to indicate the interest paid on stock in capitalistic corporations. The coöperative corporation is best termed a *society*, or *association*, in contradistinction to the meaning usually attributed to the word corporation.

Coöperative Frauds.—One of the strongest evidences of the practical merit of coöperation is the extent to which the principle is applied under false pretenses or in a fraudulent manner. Some merchants advertise their store as "coöperative" simply to mislead the public and attract patronage,—a comparatively harmless trick. All sorts of humbug schemes are also worked in the name of coöperation. Prominent among these at the present day are many of the benefit associations, assessment endowment orders, numerical bond schemes and the like. This whole tribe of "fake" enterprises that promise two dollars for every one paid in are swindles or lotteries, and libel coöperation by attempting to ally themselves to it. The reader should not allow such humbugs to either blind his eyes to the merits of genuine

coöperation or prejudice his mind against its practicability.

Apply to the arguments in favor of any of these fraudulent societies the principles underlying the success of legitimate business, and of true coöperation as herein outlined, and their nature will soon be exposed. As coöperation progresses, it will be possible to secure uniform laws in each State for the registry, regulation and protection of legitimate coöperative corporations. Such statutes will prescribe the kind of corporation that may employ the term "coöperative" in its title, and exclude all others from this privilege, as the English law does so well.

Advantages of Coöperation.—In general we may sum up by saying that—

1. The greatest advantage of coöperation is that it enables "the common people"—as Abraham Lincoln used the term—to help themselves.

2. It promotes thrift, sobriety, morality, neighborliness, kindness, courtesy, intelligence, self-thinking and good citizenship.

3. It can adapt itself to secure its advantages to "all sorts and conditions of men, including men of various nationalities."

4. It interferes with no private rights or individual opinions.

5. It substitutes the beneficence of coöperation for the warfare of competition.

6. It pays labor fairly, adds to savings and yields a reasonable hire to capital.

7. It enables the people to govern and divide their earnings instead of having capital rule industry and absorb the profits thereof.

8. It converts the love of money and the power of the "almighty dollar" into the greatest of human agencies for the amelioration of society.

9. It "begins in mutual help, with a view to end in a common competence."

10. It avoids the fallacy of "equal division of unequal earnings," but rewards according to merit.

11. It means "concert for the diffusion of wealth."

12. It is not philanthropy, neither is it mendicant, servile or offensive, yet possesses the spirit of charity without sacrifice of practical utility.

13. "It touches no man's fortunes; it seeks no plunder; it causes no disturbance in society; it gives no trouble to statesmen; it need enter no secret associations; it needs no trades-unions to protect its interests; it contemplates no violence; it subverts no order; it envies no dignity; it expects no gift nor asks any favor; it keeps no terms with the idle and it will break no faith with the industrious."

14. It uses circumstances to advance its principles, instead of wasting energy to advance its principles against circumstances.

15. It insures against mistakes by educating coöperators to a clear idea of what they are doing, uniting such thought with action.

16. It gives men and women a knowledge of business they could not otherwise obtain.

17. It enables men to get out of debt and to keep out of debt, and correspondingly alleviates other forms of distress.

18. It creates a field for individual energy and security for its reward while avoiding the warfare of competition.

19. It is really the only way in which the masses can advance.

20. It promotes sound sense, good temper and good will.

21. It reduces expenses, bringing producer and consumer together, giving the former a fair profit, while

furnishing the latter at a reasonable price articles which are honest in quantity and quality.

22. It is equity in business, and it makes equity pay.

23. It is a definite, practical thing, all of whose principles and parts can be brought into view and understood at once.

24. It recognizes capital as an expense, whose hire is to be paid, but after this (like other expenses) is met, "labor by brain or hand is the sole claimant of profits."

25. It delivers the public from the middlemen, capitalists and monopolists who would make the laborer work for the least and the consumer pay the utmost.

26. It makes saving attractive, easy and inevitable, without self-denial or effort on the part of the individual.

And finally, to quote more fully and literally its distinguished apostle (Holyoake), "Coöperation was born of the feeling that at best unmitigated competition was but organized war, and though war had its great conquests, its bards, its proud associations and heroic memories, there was murder in its march; and humanity and genius were things to blush for, if progress could not be accomplished by some nobler means; what an enduring truce is to war, coöperation is to the never-ceasing conflict between Labor and Capital—it is the Peace of Industry."

CHAPTER II.

THE HISTORY OF COÖPERATION.

The Early Period.—"It is coöperation which is ancient; it is competition which is new." Ancient history mentions nations that held the land in common and divided the produce, and others that divided the land and stored the produce in common. The early period of the modern idea of coöperation dates back to Robert Owen, who was born in 1771 in Wales. He became a great cotton-spinner, and at New Lanark conducted a scheme of profit-sharing and improvement for his help that gave a marked impulse to work in this direction. He proposed a complete reorganization of society. Then followed a period of enthusiasm in coöperative distribution in England. It went so far as to devise labor exchanges in 1833, where receipts for labor passed as money and as the standard of values. Then coöperation ran in the line of community life, and later looked to state aid and socialism. Many stores were organized during this early period, but most of them went down under mismanagement and a failure to recognize the principle of coöperation.

The Common Idea in England at that time of a coöperative store was the idea that still prevails in the popular mind in the United States. This idea is that a few persons get together in a more or less business-like way—usually less—subscribe a small capital, and with it buy at the lowest wholesale prices a stock of such goods as the subscribers most require. These goods are then retailed to the members of the company at cost, thus

cutting prices and arousing the ire, jealousy and competition of the regular merchants. Not only this, but the goods are often sold on credit, and the person having charge of the store is supposed to work for nothing, giving his time as evidence of his devotion to the cause. The result is that the store constantly runs behind, the more business it does the poorer it is, its capital constantly dwindles, and it finally has to wind up. Because it cuts retail prices, such a "coöperative" store compels the regular merchants to put down their prices. Then, when people find that they can buy just as cheap at regular stores, and get credit besides, they think there is no object in trading at the coöperative store, and so leave it. Thus those who don't put any money into the coöperative enterprise get just as much benefit out of it as those who back it up with their capital. Moreover, the accounts of such stores are often loosely kept, and are zealously guarded from the members and the public. The patrons thus get an idea that the directors, managing committee or superintendent of the store, are putting money in their own pockets that properly belongs to the coöperators. Thus distrust breeds other troubles and hastens the final failure. The store breaks up, and the local press and public echo the cry, "I told you so, coöperation is a failure." These critics entirely overlook the fact that such procedure is not genuine coöperation, and is doomed to failure from the start.

The True Principle.—The above conception of coöperation failed, after half a century's experience in England, just as it has always failed in the United States. It was not until 1844 that the true principle of coöperation was discovered—*the feeding of coöperation on its profits.* Then it was that a few weavers started the Equitable Pioneers' coöperative store at Rochdale, England, with only one hundred and forty dollars capital, which had been accumulated by the laborious savings of pennies.

They originated the plan now known as the Rochdale system, in which each person was limited to one vote, electing directors, by whom the business is conducted. Only such goods as are of standard quality and in constant demand by the members are bought, and sold to members for cash at the ruling retail prices. Cash payments are invariably required, and fair prices maintained. A record is kept of purchases. The profits are divided quarterly. After setting aside certain sums for interest, depreciation, reserve and education, the balance of the profit is paid as a dividend on the amount of purchases. The dividend thus received by each member is placed to his credit against further shares of the capital stock until the whole number of shares is made up to which any one person is entitled. After such shares have been paid up, the dividend on purchases is paid in cash at the end of the quarter or may be left in the treasury as loan or share capital. Thus the savings effected are constantly invested in the business. This feeding it on profits gives coöperation capital and stability, while affording a safe and profitable bank for the members' savings, and enables the society to grow and increase its business and usefulness.

Growth of the Principle.—By this plan of accumulation of profits and applying them to the development of the business, the Rochdale Pioneers grew in number, strength, wealth and usefulness. People in other towns imitated this excellent example. Coöperative stores increased and multiplied. The poorest people were thus able to make and save. Progress was at first slow, but always steady.

The history of the development of coöperation in England reads in many respects like a romance. The small stores constantly added to their capital and became more helpful. Their doings are reported in full to the stockholders at quarterly meetings, the reports accounting

for every penny. The original society established the precedent of setting aside two and one-half per cent of its net profits for an educational fund, a plan which the most successful societies have ever since followed. These societies now own valuable real estate, buildings, stores, steamboats and fixtures, maintain numerous lecture courses, reading rooms, extensive libraries, classes, etc. So successful has coöperation been that a serious question now before these societies is the best use to make of their surplus capital. One society invested $300,000 in foreign securities and lost it all, but instead of complaining charged it off to profit and loss and went right ahead. The strongest of these associations to-day are those which, like the Rochdale Pioneers, made the humblest beginning.

Its Marvelous Success.—Starting in 1844 with 28 members and $140 capital, the Equitable Pioneers' Society, at the close of 1890, had 11,352 members, a capital of $1,811,790, and in that year made profits of $238,820 on a total business reaching $1,352,915. It has 23 branch stores besides the central one, a library of 15,000 volumes, 19 newsrooms, and numerous classes in the sciences and industrial arts.

The Rochdale Pioneers spared no effort to spread abroad their principles and methods. Their example was quickly imitated. Mismanagement and the absence of sufficient legal safeguards caused many failures at first. Gradually, however, laws were obtained equally as favorable to coöperative societies as to joint-stock corporations. The coöperators met in annual congress to exchange views, and later organized a central board and coöperative union, with branch sections, to facilitate the organization of coöperative effort and its proper management. The result is that during the last thirty years failures in coöperative stores in England have been less than in commercial enterprises as usually conducted.

Nor is the Rochdale society the largest of the retail stores. That at Leeds, England, has over 26,000 members, with $1,520,000 capital, making annual sales of $3,000,000, and paying an average dividend on the purchases of over 11 per cent. Then there are other societies that run down to 25, 50 or 100 members, and from that up. In all there were just 1,400 of these distributive societies or coöperative stores for retailing family supplies in Great Britain at the end of 1889, exclusive of the numerous branch stores operated by many of the societies. Their members numbered 963,954. Their share capital was $48,389,935; loan capital or deposits, $5,106,470; reserve fund, $1,995,235; total capital, $55,491,640. Their assets included goods and stock on hand to the value of $14,817,795; the value of land, buildings and fixed stock was $21,515,030; their investments to the end of 1889 were $23,617,905, besides which they had allowed for depreciation during the year of $887,335, making the total assets $60,838,065. Owing to the previous liberal charging off for depreciation, the market value of these assets was much more than this sum.

The latest progress of coöperation in England was reported at the Coöperative Congress held at Lincoln, in May, 1891, the returns covering both distributive and productive societies, and making the following comparison:

	1890.	1889.	*Increase.*	*Inc %*
No. of societies	1,554	1,515	39	2.6
Members	1,117,055	1,054,996	62,059	5.8
Share capital	$61,309,760	$55,999,670	$5,310,090	9.5
Total sales	216,001,595	201,127,030	14,874,565	7.3
Net profits for year	$20,850,190	$18,877,320	$1,972,870	10.4
Amount invested	$31,484,820	$27,043,110	$4,441,710	16.4

The Business and Profits.—These 1,400 distributive societies in 1889 sold goods to the value of $135,645,960. Their operating expenses were $7,589,570, or

about 5½ per cent on the sales. Their total net profits amounted to $17,133,490.

Five per cent interest on the total capital invested required $2,774,582, besides which there was set aside for educational purposes $132,885, for charity $43,745, and for the support of the central board and propaganda $19,710, a total of $2,971,122. This left $14,162,368 as the amount paid in dividends on purchases of over $130,000,000, or nearly 11 per cent. That is to say, while some of these coöperative stores paid more and others less, on the average the whole 1,400 coöperative retail societies returned to their patrons about eleven

FIG. 1. CENTRAL STORE OF THE ENGLISH WHOLESALE COÖPERATIVE SOCIETY. *Business nearly* $40,000,000 *annually.*

cents for every 100 cents expended in purchases at these stores. Besides this, 5 per cent was paid on capital, liberal grants made to education and charity, and great sums passed to reserve or charged off for depreciation. Had the total net profits been applied to capital, it would have earned over 30 per cent.

The Wholesale Societies.—As the coöperative retail stores increased in number, the advantages became apparent of a central agency through which all the local stores might buy their goods. The English Wholesale

coöperative society was therefore organized in 1863, and began business the next year. It first operated on a commission basis, but soon adopted the usual plan of buying at one price and selling at another, dividing the profits to the societies in dividends on purchases. Its capital is in shares of twenty-five dollars; each local society takes in its own name one share for each ten members, paying twenty-five cents on application, and allowing the profits on its purchases to accumulate until the shares are paid up. Societies are entitled to one delegate to the Wholesale's quarterly meetings for each five hundred members, each delegate having one vote. A general committee of sixteen governs the central establishment of the Wholesale at Manchester, and committees of eight each manage the branches at London and Newcastle. The latter each send a representative to the general committee. The elections of committee members are by voting paper, societies being entitled to as many votes as they are allowed delegates. Not more than one member of a society can be a member of the committee. Quarterly meetings are held at the branches and at the central; a majority of the votes of all three meetings are required to carry a resolution.

The English Wholesale has assumed enormous proportions. Besides its two selling branches it has sub-branches at Leeds and Bristol and buying branches in various parts of the United Kingdom, and at New York, Copenhagen and Hamburg. It also conducts extensive manufactures of biscuit and confectionery, soap, boots and shoes, woolen mills and tailoring establishments. A special tea and coffee branch at London sells over two million dollars' worth annually of these staples. The amount of trade done with foreign countries direct during the three months ended Sept. 27, 1890, was nearly $2,500,000, of which over $600,000 was paid for American cheese, bacon, hams, flour, lard, tallow, sugar,

canned meats and tomatoes, and over $1,000,000 to Denmark for butter, eggs, bacon and oil. The Wholesale runs six steamers for the direct transportation of its goods between England and the Continent. Starting in 1864 with $12,275 capital contributed by retail societies that had 18,337 members, its sales were over $250,000 in the first thirty weeks, since which time its marvelous progress may be inferred from the following comparisons :

	1864.	1874.	1884.	1889.	1890.
No. $25 shares taken up.	.....	13,899	45,099	72,399	92,572
No. of members of societies holding shares....	18,337	168,985	459,734	679,336	721,316
Share capital.....	$12,275	$240,630	$1,035,400	$1,711,090	$2,170,085
Loans and deposits.....	.....	$739,745	2,474,200	3,611,605	4,124,870
Reserve funds.....	.....	8,065	125,630	291,790	242,725
Insurance funds.....	.....	11,780	121,620	597,705	776,155
Reserved expenses.....	.....	.....	49,940	45,985	58,475
Total capital.....	$12,275	1,000,220	3,806,790	6,258,175	7,372,330
Amount of net sales for the year.....	259,285	8,184,750	23,376,855	35,144,720	37,145,365
Expenses of distributive departments.....	1,735	105,735	351,715	589,245	633,945
Total net profits.....	1,335	71,165	272,455	509,920	634,895
Transferred to reserve and insurance fund..:	.....	4,610	32,155	94,935	104,610

The totals of the Wholesale's business from October 1864 to December 27, 1890, are: sales, $387,387,045; expenses, $5,911,340; net profits, $5,143,245; exclusive of reserve and insurance funds amounting to $901,310.

The Scottish Wholesale, started in 1868, now has over $2,500,000 capital, with sales of upward of $12,000,000 annually and profits of over $300,000. The English and Scottish societies unite in publishing the Wholesale Society's Annual, which for 1891 is illustrated with pictures of the great warehouses, stores, factories, steamships and officials of the societies, and gives a summary of the finances of all the different departments of the business. Just 128 large pages are required for this information alone. The quarterly reports of the Wholesale make a bulky document of thirty pages, each 10x17 inches in size, with itemized tabular accounts of the business in general, by departments, and with each of the 1000 or more local societies to which it sells. The

character of the management is shown by the fact that the losses from bad debts have been only $45,000 on a business by the two Wholesales of over $220,000,000.

The profits reported do not fully show the usefulness of these great agencies, for they wholesale at as small an advance over actual cost as is consistent with safety, thus making their profits as small as possible but effecting great savings to the retail stores on first cost of goods.

A Birds-Eye View of Coöperation in England, Ireland, Scotland and Wales from 1861 to 1890 inclusive is an impressive sight, as appears from the following table (official figures, the £ computed at $5):

Year.	*Societ's making Returns*	*Members.*	*Share Capital.*	*Loan Capital.*	*Trade.*	*Profit.*
1861	.....	48,184	$1,666,450	.....	$7,560,585	.....
1862	450	91,502	1,553,655	$272,260	11,745,275	$831,510
1863	460	108,588	2,867,910	367,715	13,133,705	1,068,115
1864	505	129,429	3,420,910	445,610	14,183,030	1,122,300
1865	867	148,586	4,096,835	536,315	16,869,235	1,396,130
1866	915	174,993	5,231,550	590,115	22,313,380	1,861,535
1867	1,052	171,897	7,375,995	683,670	30,005,765	1,992,890
1868	1,242	208,738	10,138,880	920,815	40,565,360	2,127,710
1869	1,300	220,000	10,000,000	950,000	40,500,000	2,500,000
1870	1,375	249,113	10,171,305	985,640	41,012,330	2,777,175
1871	746	262,188	11,529,755	1,077,765	47,187,355	3,353,605
1872	748	300,931	13,928,885	1,722,545	56,942,950	4,038,740
1873	980	387,701	17,564,810	2,488,750	78,312,265	5,595,115
1874	1,026	411,252	19,518,040	2,934,860	81,791,390	6,130,050
1875	1,163	479,284	23,504,950	4,223,100	80,440 385	7,126,335
1876	1,163	507,857	26,520,095	4,598,810	99,548,495	8,706,190
1877	1,144	528,582	27,439,795	5,366,325	106.870,065	9,500,805
1878	1,181	560,703	28,651,090	4,363,430	105,641,570	9,089,715
1879	1,169	573,084	28,739,205	7,476,215	101,828,010	9,747,570
1880	1,183	604,063	31,160,465	6,706,450	116,241,570	7,899,365
1881	1,230	642,783	34,686,420	7,417,915	124,630,025	9,897,880
1882	1,145	654,038	36,446,795	7,319,795	132,867,755	10,534,790
1883	1,165	681,691	37,504,175	7,692,720	140,446,550	11,620,155
1884	1,264	849,615	41,025,365	8,585,250	146,476,135	13,293,230
1885	1,288	803,747	43,998,765	9,135,545	149,413,395	14,418,805
1886	1,296	835,200	46,487,530	9,998,290	156,268,785	14,831,715
1887	1,291	896,910	49,088,935	10,222,490	183,486,265	15,346,340
1888	1,369	943,949	51,919,410	11,412,595	180,026,175	16,524,215
1889	1,515	1,054,996	55,999,670	12,379,425	201,127,030	18,877,320
1890	1,554	1,117,055	$61,309,760	$13,001,600	$216,001,595	$20,850,190
Total.....					$2,743,436,440	$233,059,495

Coöperative Production.—Aside from the great mills and factories conducted by the two wholesale societies, there were in Great Britain at the end of 1889, 100 other societies that made a specialty of coöperative pro-

duction or manufacture in some form, including hosiery, clothes, twine, watches, printing, nail-making, stone-workers, flour mills, hardware, implements, machinery and engines, boots and shoes, locks, etc. These societies had 25,839 members and a total capital of $4,319,890, with land, machinery, investments and other assets to the amount of $4,078,225. They produced and sold in 1889 goods to the amount of $9,718,560, with expenses of $831,535, and their total net profits were $429,015, or 10 per cent on the capital invested.

Progress of Coöperation in the United States.—Aside from profit-sharing in the fisheries, coöperation in the United States began in 1842-7, with the attempt to form a coöperative commonwealth at Brook farm, near Boston. It was the manifestation in America of the same theories of social amelioration that were showing themselves in the organization of similar communities in England and on the Continent at the same time. This was followed by the Workingmen's Protective Union, which in 1850 had 106 divisions in Massachusetts alone, through which members bought their supplies at the lowest possible prices. It is stated that within a few years the number of these stores was over 700 throughout New England and the Middle States, and the sales in 1855 from 63 divisions of the New England union amounted to over $1,000,000. But the stores were not incorporated, and, not being fed on their profits, gradually failed, the break-up being hastened by the uncertainty of prices and the opening of the civil war. Such a system of stores based on selling goods at cost, and thus underselling all other stores, could not be maintained. A few of the stores thus organized still exist, but no longer do business for the fun of it.

Then came the Patrons of Husbandry, or the Grange. Founded in 1866, this order reached mammoth proportions early in the '70's. It is to-day the oldest and most

conservative, if not the most powerful, of our farmers' organizations. Flushed with the success of unparalleled growth, the Grange undertook to establish coöperative stores throughout the country. But the membership was not ready for coöperation. These efforts were mostly operated on the plan of the union stores just described, the goods being sold at wholesale prices as nearly as possible. This was putting in practice the common idea of coöperation outlined in the second paragraph of this chapter. It was but natural that wholesale failure should ensue, although a few so-called grange stores still survive. These are either now managed as joint-stock enterprises or on the Rochdale system. The most successful are in Texas and Kansas, noted elsewhere, while others are mentioned in the Appendix. The Grange inaugurated the system of trade discounts, whereby the members secured goods at reduced prices for cash by concentrating their orders on certain stores. Enormous savings were thus effected, and prices of implements and manufactured articles were permanently reduced by this system. Taking the country as a whole the farmers saved millions upon millions of dollars through the grange system of discounts. But this system is, at best, only temporary, and becomes more unsatisfactory the longer it is tried. It provides no means whatever for combining and utilizing the savings effected.

The Sovereigns of Industry became prominent in the Eastern States in 1874-8. It claims to have been the first organization to push the Rochdale plan of coöperation, but few of the stores lived up to this system. The old idea of selling goods at cost or on credit wrecked most of the Sovereign stores, although a few organized under these auspices still exist. One of the most successful of these is at Lewiston, Maine, the example of which led to the organization of the Lisbon Falls coöperative association, whose store is shown herewith.

In these later days the Farmers' Alliance is practicing the Grange system of trade discounts on an extensive scale, and establishing State business agents to purchase supplies for its members at a small commission for cash. In several States the alliances are trying to raise a capital to facilitate the work of their business agent or exchange, but the commission plan is the one usually

FIG. 2. STORE AND BLOCK OF THE LISBON FALLS (Maine) COÖPERATIVE ASSOCIATION.

adopted, and no attempt is made to capitalize profits and thus insure the permanency of the work. An effort in this direction was made by the Texas Farmers' Alliance exchange at Dallas, but it appears to have been conducted on credit and without due attention to business principles, and therefore failed disastrously. It has since been reorganized on a more business-like basis,

and confining its operations to cash transactions is serving a useful purpose in a modest way.

The Farmers' Mutual Benefit Association of the Central States, the Patrons of Industry of Michigan and elsewhere, and other farmers' clubs, still practice the system of trade discounts quite extensively. The same plan is worked in a moderate degree by a few of the labor organizations. There have also been numerous more or less connected efforts among farmers to unite in marketing their produce. The most successful have been the associated manufacture and sale of butter and cheese elsewhere described. In many sections the growers of special crops, particularly fruit and truck, have united to secure better transportation privileges and rates, improved prices, etc.

Coöperation in saving and loaning money, and in fire insurance, has also been extensively practiced from an early date, as appears in the chapters on these topics.

The progress of women's exchanges for the sale of articles made by women has also been gratifying of late.

Progress of the True System.—Out of all this experience, agitation and education, the true principles of coöperation are beginning to be understood and put in practice. Where properly managed, and adhering strictly to the Rochdale system, coöperative distribution is proving a magnificent success. Some of these successes are described in the following chapters, and others are quite fully epitomized in the Appendix. The instructions and methods herein advocated are based on such actual and successful experience, profiting also by the lessons of past failures.

The reader will therefore see that coöperation is not an untried theory but a practical success, the adaptation of which to the wants and necessities of American farmers and workers, producers and consumers, has been permanently demonstrated by our own people in city and country under all sorts of conditions.

CHAPTER III.

THE COÖPERATIVE STORE.

The Simplest Form.—The coöperative store is the most feasible, most practicable and simplest form of coöperative distribution. Of it in particular is true almost every word that has been said in behalf of coöperation in our opening chapters. The coöperative store is adapted to every locality, large or small, rich or poor, thickly populated or thinly settled. Wherever it is necessary to have a store for furnishing household supplies and to cater to the ordinary wants of people, there the coöperative store can flourish if it is only managed right.

Just What It Is.—Like any other store, the one owned by the coöperative society carries a line of goods that the local public are most certain to buy. All sales are made for cash, and one price is charged to all customers. Under this system the poor man, with a large family, receives the greatest benefit—for the more a customer purchases at his own store, the greater is his share of the profits. In other respects it is managed like stores owned by private capitalists. The distinction between the two is clearly described in the paragraph, "What Coöperation is Not," on Page 15.

There is this important exception, however: The coöperative store should not condescend to competition. It should not cut prices. Instead of that, it should establish the price of goods in its section at a fair advance over the actual cost of the goods laid down in the store. But the old idea of retailing goods at cost is erroneous, as it deprives the society of profits with which

to increase its business and with which to add to its sinking fund, and therefore to its stability. As previously intimated, most of the stores started on the plan of retailing at just above cost have failed, the most notable exception being the Allegheny County Patrons' Association elsewhere referred to. At the same time, the retail prices should be reasonable, so as to help the poor man by saving money on first cost. Then the profits of the business, after making provision for interest, depreciation and reserves, can be divided among the members pro rata, according to their paid-up purchases.

A Model Association.—Probably the clearest and best idea of just how to run a coöperative store will be obtained from a complete description of the Arlington coöperative association. After a thorough inquiry, it is evident that this society at Lawrence, Massachusetts, is, beyond question, one of the best patterns of what a true coöperative association should be that the United States affords.

This is at least true of it as a coöperative store, pure and simple—for the Arlington has not undertaken any productive enterprises or commission business. Nor is this high praise in the least invidious or derogatory to other coöperative societies, some of which are fulfilling their purpose most efficiently.

How it Started.—As in many other cities, several attempts at distributive coöperation in Lawrence had resulted disastrously. The town has some 44,654 population, the principal industry being the cotton and worsted mills, prominent among which are the Arlington mills. Among the workers in these mills are many English, Scotch and Irishmen, who had been members of coöperative societies at their old homes in Great Britain; yet the peculiar advantages they enjoyed for this reason had not been sufficient to insure the success of the early efforts at coöperation in Lawrence.

In spite of previous failures, however, some of the most intelligent workers in the Arlington mills discussed the matter in a quiet way. The overseers in the different departments of the mills—men who had worked up from the lowest round and knew thoroughly the wants of the operatives—were leaders in the movement, and had the assistance of the treasurer of the company, William Whitman, and also of other gentlemen connected with the counting room of the mills, who freely gave their time and advice. Among them was the super-

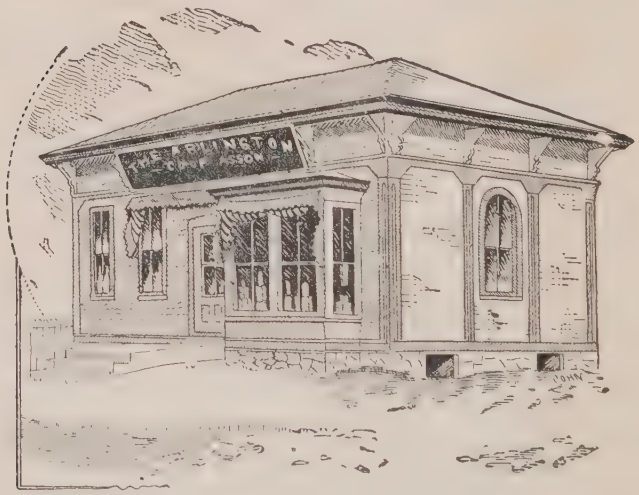


FIG. 3. ARLINGTON'S HUMBLE BEGINNING.

intendent of the mills, William D. Hartshorne, who was the enthusiastic and capable president of the "coöperative" for its first three years; also Charles Wainwright, the paymaster, who acted as treasurer for the two first years. After a few informal meetings, at which the matter was explained by those best informed,

subscriptions to the capital stock of the proposed association were invited, and, after a little more effort, six hundred shares of five dollars each were sold to two hundred and eighty individuals, mostly the practical workers in the mills.

The subscribers appointed a committee, who took legal advice, and were incorporated July 8, 1884, as the Arlington coöperative association, under the coöperative law of Massachusetts, with a capital of $3,000. The association began business Sept. 15 in the small building illustrated in Fig. 3.

An Humble Beginning.—The capital was all invested in a stock of goods, very little being put into fixtures. The members were determined to begin small and work up only as success justified. This rule they have faithfully adhered to, and upon this rule depends the success of every coöperative association. So determined were the Arlington coöperators to avoid unnecessary expense and show that for the first year or two the store was devoid of both chairs and desk, soap boxes serving for the former and a board across two barrels answering all the necessities of a desk. For it should be noted that all purchases were for cash and all sales for cash, thus requiring but very little bookkeeping. The officers were men in whom the people had confidence, and for the first two years the membership was confined to the Arlington operatives, but at the end of that time the success of the association was so substantial that this restriction on membership was removed.

A Most Instructive Point for would-be coöperators was the quiet way in which the Arlington started. It did not seek notoriety. The meetings and discussions of the workingmen when they were getting ready to organize were not heralded in the local press. The characteristic American habit of rushing into print, of making great promises, of threatening to run out all

other stores and middlemen, of inaugurating an industrial revolution, was studiously avoided.

The opposite plan was adopted. Everything was done quietly, modestly, unostentatiously, but with confidence. The coöperators knew what they wanted to do, and did it with as little noise as possible. Satisfied with humble beginnings, they well knew that their reports and balance sheet, and the prices and character of their goods, would be the only advertisement the association would need. This plan disarmed opposition, calmed the fears of private traders, avoided all trouble in buying goods, maintained more active interest on the part of the members, and, presto! almost before the public knew it the coöperative association was an established success.

The By-Laws of the Arlington association, as drawn, are based on those of the Rochdale Pioneers, modified by the practical experience of some of the directors in coöperative work in England, and by their knowledge of the different conditions in this country. While the by-laws of other successful associations in the United States (as printed in the Appendix) vary somewhat from the Arlington by-laws, it is to be noted that the latter have been the regulations under which the conspicuous success of the Lawrence coöperators has been achieved. These by-laws, as revised and adopted Jan. 28, 1891, are here printed in full:

BY-LAWS OF THE ARLINGTON COÖPERATIVE ASSOCIATION

ARTICLE I. NAME.

Section 1. This association shall be known as the Arlington Coöperative Association.

Sec. 2. The place or places of business shall be at such location or locations as the association may from time to time determine. All books of account, securities and documents of the association, other than such as are required for the carrying on of the same elsewhere, shall be kept at a stated general office at Lawrence, Mass.

ARTICLE II.

The object of this association is to carry on the trade of general dealers in household supplies, on the coöperative plan.

Article III.

Section 1. Any person, upon approval of the board of directors, may become a member of this association, after being proposed by a member, paying an entrance fee of fifty cents and signing a declaration of his readiness to take at least one share of stock, and willingness to conform to the by-laws of this association. Such proposal shall give the person's name, trade and address, and shall be signed by the member making the proposal, which shall be sent to the clerk with the entrance fee and entered by him in a book kept for that purpose. If approved by the directors, he shall be considered a member, upon payment of at least one dollar, on account of his subscription as otherwise provided.

Sec. 2. Candidates for membership rejected by the directors shall have the power of appeal through any member to the general meeting. Any person rejected shall have his entrance fee returned on application.

Sec. 3. At the general office a list of members' names, trades and residences shall be kept, and no person shall be deemed a member unless his name appears on this list. The names of all persons who under these by-laws cease to be members shall be erased therefrom.

Article IV. Funds and Revenues.

Section 1. The permanent capital of this association shall be in shares of five dollars each. Each member of this association can hold from one to two hundred shares. The capital of the association shall be invested by the board of directors in purchase of stock and fixtures, agreeable to the articles of agreement.

Sec. 2. From the absolute profits, after paying the expenses of the association, not less than ten per cent per annum shall be set aside for a sinking fund, which shall be allowed to accumulate until it amounts to a sum equal to thirty per cent in excess of the capital stock.

Sec. 3. Interest shall be declared on the capital stock at the rate of five per cent per annum, payable quarterly. The directors shall at any time have power, with the sanction of the quarterly meeting, to reduce the rate of interest.

Sec. 4. After deducting from the profits the amounts provided in Sections 2 and 3 of this article, and the amount assessed as State and city tax, the remainder shall be divided quarterly in proportion to the amount expended in purchase of goods. Non-members will receive a share of the profits to the extent of one-half of that given to members.

Sec. 5. Receipts from entrance fees shall be added to the sinking fund of the association.

Sec. 6. Interest will commence on the first of each month upon all paid-up shares.

Sec. 7. No interest will be paid on shares withdrawn before the end of the quarter.

Sec. 8. Dividends and interest may remain to the credit of the shareholders at their option, and whenever such accumulation amounts to the par value of one share, interest shall be declared according to the provisions of Sec. 6 of this Article, provided that this amount with that of the original shares invested shall not exceed the par value of two hundred shares.

Sec. 9. Should the directors find that they have more cash in the treasury than they can profitably employ in the ordinary business of the association, they may, with the sanction of the quarterly meeting, invest any such portion of the cash in such manner as may be deemed advisable.

Article V. Officers.

Section 1. The officers of this association shall consist of a president, clerk, treasurer, and ten other persons who, with the exception of the clerk, shall constitute the board of directors.

Sec. 2. The clerk, treasurer and eleven directors shall be chosen annually by the stockholders by ballot and shall hold their office for one year, and until others are chosen and qualified in their stead; provided that it shall be considered requisite, unless they may be otherwise disqualified, to re-elect one-half of the old board at each election. The president shall be chosen by the board of directors from their number.

Sec. 3. Candidates for the board of directors and all other officers of the association shall be nominated at the quarterly meeting immediately preceding the yearly meeting at which they are proposed for election. Should the number nominated not be sufficient to fill the vacancies the yearly meeting shall elect the required number not so nominated.

Sec. 4. An auditor shall be chosen annually by ballot.

Sec. 5. No person shall be eligible for the office of director who has not been a member of the association for at least six months, or be eligible for president who has not been a director twelve months, or if he hold any other office or place of profit under the association; if he is concerned in or participates in the profits of any contract with the association; or if he carries on the same business as the association; or if he has a relative employed by the association.

Article VI. Duties of Officers.

Section 1. It shall be the duty of the president to preside at all meetings of the association and board of directors, and in case of equal division to give the casting vote, besides his own vote as a member. He shall sign all documents or certificates issued by the association or board of directors; shall hold in his possession the bonds of the treasurer, or any of the employes where bonds are required, and shall perform all other duties usually appertaining to his office.

Sec. 2. It shall be the duty of the clerk to keep a correct record of all business meetings of the association and board of directors, and in case of the absence of the president, to call the meeting to order. He shall keep a correct record of the names and residences of the members, and shall serve all notices ordered by the board; he shall carry on all correspondence and shall attest all documents issued by the association or board of directors, and shall deliver to his successor in office all property in his possession belonging to the association.

Sec. 3. It shall be the duty of the treasurer to receive all moneys due from members and others, and to disburse the same in payment of claims against the association when approved by an advisory committee. He shall keep such records of business transactions of the association not otherwise provided for by the board of directors, and

shall make a full and complete report at each quarterly meeting of the financial condition of the association. He shall give such bonds for the faithful performance of his duties as the board of directors may require, and shall deliver to his successor all books, money, vouchers and other property of the association in his possession.

Sec. 4. It shall be the duty of the auditor at the close of each quarter's business to audit the accounts of the treasurer and other officers, including stock on hand, demanding for this purpose any information he may see fit, and report condition of same at the quarterly meeting.

ARTICLE VII. MANAGEMENT.

Section 1. The board of directors shall have control of all business carried on by, or on account of, the association, the purchase and sale of goods, the engaging of managers and of all other persons necessary for conducting the business, providing for places of meeting, the rates of payment for work or services done on account of the association, and the regulation of salaries and securities of the managers and employes, to whom it may assign such duties as it shall deem proper.

Sec. 2. The board of directors shall, with the consent of a general meeting, have power to lease, purchase or erect any building or buildings for the purpose of the association, and to mortgage, rent or sell such buildings or any part thereof.

Sec. 3. The board of directors shall meet every alternate Tuesday evening, and shall provide for the detailed work of the business by the appointment of sub-committees. It shall, in all things, act for and in the name of the association, and all acts and orders under the powers delegated to it shall have like force and effect as if they were acts and orders of a majority of the members of the association at a general meeting thereof. Every question at such meeting of the board shall be decided by a majority of votes cast. Seven members of the board shall constitute a quorum.

Sec. 4. The president, at the request of three members of the board, shall call a special meeting thereof by giving one day's notice in writing to the clerk; but no business shall be taken into consideration other than that specified in the notice. The board shall convene special meetings of the stockholders at their discretion, allowing three days' notice of the same.

Sec. 5. The board shall cause the accounts of all business carried on to be regularly entered in proper books and a quarterly report to be made out covering all business to the end of each quarter which, together with all necessary vouchers, shall be submitted to the auditor not less than seven days previous to such meeting, and shall be printed and distributed to the members as early as possible thereafter.

Sec. 6. All meetings of the board of directors shall be open to the attendance of other members, but no such member shall take part in its discussions.

ARTICLE VIII. MEETINGS.

Section 1. The general meetings of this association will be held quarterly on the last Wednesday of January, April, July and October of each year.

Sec. 2. The annual meeting of this association for the election of officers shall be held on the last Wednesday of April of each year.

Sec. 3. The president shall cause a special meeting of the association to be called upon a written request signed by ten members of the association. At such meeting no other business shall be transacted than that named in such requisition.

Sec. 4. Notices of all meetings shall be posted by the clerk in a conspicuous place in the store or stores, three days previous to the same. In the case of special meetings, such notice shall state the object of the meeting.

Sec. 5. At all meetings of the association fifteen members shall constitute a quorum for the transaction of business.

Sec. 6. No subject foreign to the purpose of the association shall be introduced at any of its meetings for business.

Article IX. General Regulations.

Section 1. Quarters shall commence on the first of January, April, July and October.

Sec. 2. All purchases from the association shall be made strictly for cash.

Sec. 3. Each member of the association shall be provided with a book of account in which shall be entered a statement of shares held with quarterly dividends and interest.

Sec. 4. Each purchaser shall be provided with checks or a pass-book at the option of the directors, which shall show the amount of purchases on which dividend will be declared. The same to be returned, as provided from time to time by the board of directors.

Sec. 5. No intoxicating liquors shall be allowed on sale by the association.

Sec. 6. Any complaint as to quality or prices of goods sold by the association or respecting the conduct of any of its employes, should be made to the directors in writing, signed by the party making the complaint, and such complaint shall be investigated and decided by the board.

Sec. 7. All sales are to be made at the average retail market price.

Sec. 8. Each stockholder shall be entitled to a certificate of his stock, under the seal of the corporation, signed by the president and the treasurer.

Sec. 9. No stockholder shall be entitled to more than one vote in any business meeting of the association.

Sec. 10. The board of directors may suspend any member from participating in the benefits of the association who persists in conduct injurious to the association, until it shall submit the matter to a stockholders' meeting, giving the offender three days notice thereof, which meeting shall confirm and extend the action of the directors, or otherwise, as it may think proper.

Article X. Withdrawals.

Section 1. Any member of this association desiring to withdraw from the association the whole or any part of his or her stock shall make a written application to the directors, and within thirty days from the date of such application the board shall pay or cause to be paid such applicant the amount of shares he may desire to withdraw; but if the board fail to pay or cause the same to be paid within thirty days, said applicant may transfer his or her shares to any other member, pro-

vided the member has not the full number of shares allowed in the by-laws, but in no case shall he transfer his share to persons not members of the association unless he first obtain consent of the board of directors, which consent shall be signed by the president and clerk and entered on the records of the association. In case a member transfer his share or shares he must surrender his certificate to the board of directors, and the board shall cause a new certificate to be issued to the person to whom he makes such transfer.

Sec. 2. Any member being in distress may withdraw any shares he may have in the association at the discretion of the board of directors.

ARTICLE XI. AMENDMENTS.

These by-laws shall not be altered or amended unless such alteration or amendment be proposed in writing one meeting previous to action being taken thereon, providing, also, that two-thirds of the members present vote in the affirmative.

ARTICLE XII. VACANCIES.

In case of a vacancy in the offices of clerk, treasurer, auditor, or any of the directors, by resignation or otherwise, a substitute shall be elected at the next quarterly meeting, or at a special meeting called for that purpose.

ARTICLE XIII.

That the duties of the treasurer be so modified as to make him simply custodian of the money and to entail no other bookkeeping than a simple cash account and signing of checks and certificates, with a true rendering of said account when called upon. That the duties of the clerk be made to include all bookkeeping and money transactions with the members required by the association, as well as all present duties, and that he be made the executive officer, under the directors, of all duties assigned by them from time to time. That his position be sufficiently remunerated as to insure a perfectly reliable and satisfactory incumbent whose whole attention can be given to the calls of the association, and that he be placed under equal bonds with the treasurer.

Strong Points of These By-Laws.—It is to be noted that there is a distinction (Sec. 1) between a member and a shareholder. Each member is entitled to one vote only (Art. I, Sec. 9), but must be a shareholder for six months in order to be a director (Art. V, Sec. 5). The proviso that the president must have been previously a director for at least one year is a further safeguard to secure the best officers.

The compulsory reëlection of at least one-half of the directors is also wise, as it retains the most efficient men, and guards against a complete overturning by the share-

holders. Such an overturn is always within the realm of possibility, but must be guarded against, either as specified in Sec. 2, of Art. V, or perhaps still better by electing only one-third of the board annually. In either case, the members can speedily get rid of poor timber on the board, but must keep their best men. It is usually well, in a coöperative society, to elect occasionally one or two new members to the directors, for it is an honor every shareholder may justly aspire to. This policy also maintains closer interest on the part of shareholders at prevents one set of directors from getting the idea that they own the society. The best men on the board never get this idea, poor sticks do.

It is possible for even the poorest person to become a shareholder (Art. III, Sec. 1), for while the full share costs five dollars, only one dollar is actually required down, thus entitling the member to the full dividend on his purchases, which is placed to his dividend until it amounts to five dollars. After that the member can withdraw his dividends or leave them to accumulate to pay for more shares. The articles of agreement referred to in Art. IV, Sec. 1, are simply the declaration filed for the purposes of incorporation.

The Sinking Fund.—Sec. 2 of the same article compels the accumulation of a sinking fund, and is in accordance with the State law of Massachusetts. Such a fund should be insisted upon, however, by every coöperative society, even if the State law does not require it. Arlington's sinking fund now (June, 1891) reaches the handsome amount of nearly eight thousand dollars. It is not withdrawable and cannot be taken out of the business except upon the dissolution of the association. The larger it grows the more interest each member has in the association in addition to his actual holdings of shares.

We cannot impress too strongly the importance of setting aside at least ten per cent of the net profits for

such a fund. Particularly must this be insisted upon at the start. Increase the sinking fund instead of paying large dividends. Add to the reserve heavily in times of prosperity. Encroach upon it only as a last resort in dire extremity.

It is also wise to adhere to five per cent interest on capital except in sections of the country where money is so valuable that a higher rate will be only equal to five per cent in the older States. Such a limit as is specified in Sec. 3 of Art. IV is wise because it emphasizes the fact that the object of the coöperators is saving dividends on their purchases or goods instead of paying large interest on capital.

Allowance for Depreciation.—Art. IV, Sec. 4, makes no proviso for charging off for wear and tear of fixtures and plant, as is the usual plan in coöperative associations. The Arlington directors preferred not to have this specified in the by-laws. They have charged off each year at least ten per cent of the first cost of fixtures for depreciation, but find it more convenient to do this when it is easiest rather than be compelled to charge off each quarter one-fourth of such sum. In nine cases out ten, however, directors might not live up to such a vote, so that the by-laws should provide that during the year at least ten per cent on cost should be charged off on the fixture account.

We want to emphasize this point, for a society can easily deceive itself as to its financial position by not allowing for wear and tear, Up to Oct. 1, 1890, the Arlington had expended for fixtures $10,811,—horses, wagons, harness, store fixtures and all appliances used in its business outside of goods and real estate. It had allowed for depreciation up to that date $3,192, and had sold fixtures to the amount of $157. The two together, $3,349, showed the total reduction. This left the inventory value of the fixtures at $7,461. Now, if the associ-

ation spends $1,000 for fixtures this year, the account would be $8,461 on Oct. 1, 1891. But in charging off, the $1,000 would be added to the first cost, making a total of $11,811, and it is ten per cent of this sum, or $1,181 that would be charged off—not $846. It takes nerve to do this, but it makes this asset worth far more than it is inventoried at. The property and the money is all there and the association gets the benefit of it. This depreciation must always be allowed for before dividends are declared. The policy of the Arlington directors has always been not to jeopardize the position of the association for the sake of dividend, but to solidify it as much as possible, so that, in case of any unforeseen circumstances arising, they may always have a good reserve, and a good leeway in the depreciation of their fixtures.

Educational Fund.—Neither does the Arlington adopt the Rochdale system of setting aside two and one-half per cent of its net (not gross) profits for the educational fund. The small fund already accumulated for this purpose was derived from picnics. If a society would make an effort to hold occasional entertainments for the benefit of the educational fund it might get more money for this purpose than the two and one-half per cent net would amount to. This plan would also be of great value in keeping up the interest of the members and in promoting and adding to the good accomplished by the educational fund. If the members make some effort to earn money for lectures, literature, etc., on coöperation and kindred topics, they will appreciate such work and derive more benefit from it than if it were forced upon them.

We insist, however, upon the necessity of having an educational fund and using it properly. Where this is neglected, the members are almost sure to lose, or never comprehend, the true coöperative idea. They fail to

grasp its principles, and only by the best management will their patronage and support be secured. On the other hand, where the educational work is well followed up, the members become better informed, and, after being disciples, soon become apostles of coöperation, advocating it enthusiastically among their friends and bringing them into the fold, and also supporting the store and upholding the officers far more stanchly than the uninformed member ever will do.

Other Points.—Since it is so easy for persons to become members it may be asked, why not omit giving non-members the half dividends on their purchases. It is a cheap and effective way of attracting custom and inducing people to join. Payment of interest only on full shares and paid-up shares and commencing only at the first of the month simplifies accounts. The rule that no member can hold more than two hundred shares prevents the centralization of capital that is so objectionable in a coöperative enterprise.

The Officers.—The by-laws relative to officers are specially important. Eleven directors and the treasurer, who is also a director, making a board of twelve members, are chosen annually by the shareholders by ballot. This board elects one of its number as president, but the board does not elect the clerk, who, according to Art. XIII, is the chief executive officer and manager of the association. This important official is elected by the stockholders, and is amenable only to them, although he works under the supervision of the directors. This proviso is wise and useful in two ways:

First, it places the direct representative of the stockholders' interest in active control; second, it makes him sufficiently independent to be free from any undue influences that might be attempted by a "cranky" director. On the other hand, the powers of the directors (Art. VII, Sec. 1) are all that could be desired. The duties of the

officers are clearly explained, but Articles VI and XIII should be considered together in this connection.

The giving of bonds by the treasurer and clerk (or manager) and heads of departments is also a measure that should always be insisted upon, as it imparts confidence to members who otherwise might be suspicious. Equally important are the safeguards (Art. V, Sec. 5) against weighing down the society with help employed because they are relatives of the directors.

Work of the Directors.—All would-be coöperators should carefully study Art. VII, on management. The value of frequent meetings of the directors and their active supervision of the society's business cannot be too strongly urged. Many societies have failed because the directors were faithless and left the affairs wholly to the manager. There is a constant tendency for directors to neglect their duties, especially where the manager is at all competent. This must always be avoided.

The directors should each and all be so conversant with the society's affairs that any one of them can, with a little experience, fill positions that might become vacant suddenly. Only by keeping this point thoroughly in view can a society avoid the fatal mistake of depending wholly upon one man. It is true that the substantial success of the Arlington coöperators is very largely due to its efficient clerk, but he is the last man to claim it, and has always been first and foremost in developing employes or directors who can step into the breach if necessary. But it is to be kept in mind that no business can be run by a board of directors; it must have one executive head.

An excellent plan to insure prompt attendance at meetings of the directors, and their committees is to print on each quarterly statement a report of the whole number of meetings held during the year or quarter, putting against the name of each director the num-

ber of meetings that he has attended. Thus the shareholder can see at a glance what men are attending to their duties, and will have good cause to remove the tardy ones unless some valid excuse is made for them.

Frequency of Meetings.—Quarterly meetings should always be insisted upon. This requires a quarterly balancing of accounts, a quarterly inventory and a knowledge every three months by the officers and members of just how the society stands. There is a tendency to have semi-annual meetings and reckonings, and in some cases annual statements and meetings only are called for. It is argued that since the latter is sufficient for the ordinary corporations of capitalists it ought to be enough for coöperators.

There are, however, two reasons for quarterly meetings, either of which is sufficient. First, they bring the members together and inform them thoroughly as to the progress and position of the society and its business; the members take more interest in its affairs, and have more confidence in the management and in themselves. The second, an equally grave reason, is that the quarterly reckoning, balancing and inventory, will insure against errors and losses that almost inevitably occur when statements are made up only semi-annually or once a year.

Even under the simplest system of bookkeeping, the accounts, particularly those of the members' holdings and interest, are liable to get confused. The most expert bookkeepers in large corporations are satisfied only with frequent balancing of their accounts. Certainly a coöperative society should find out how it stands at least once in three months, for it often does not employ an expert accountant.

The provisions for special meetings show that the whole affairs of the association are wholly within the reach and under the control of the members,—a point to be constantly emphasized.

The General Regulations.—Each paragraph in Art. IX is a model of brevity and a diamond of coöperative truth.

Business can be done strictly for cash, as is shown by the experience of Arlington and other coöperative societies. No coöperative association should be started except on an absolute cash basis. When this principle is departed from, that moment the germ of decay begins to develop and constantly grows, until it finally threatens the very life of the coöperative society. Once credit is allowed, it is almost impossible to correct the abuse. Some associations have made the change, and always with the most satisfactory results after the first "kick" on the part of those previously trusted. If there is one thing above all others that we insist upon, it is absolute cash transactions from the start.

The most practical thing coöperators can do for the temperance cause is to live up to Sec. 5. Sec. 10 is also important.

The Banking Features.—A fundamental difference between the coöperative society and the joint-stock corporation is that the holder of shares in a joint-stock company cannot compel the company to buy back his shares. He takes the risk on them, losing if business is such that the value of the stock sinks below par, and gaining if the returns put a premium on the stock.

It is not so in most coöperative societies, although in States where the statutes do not provide for this point, shares can be transferable or withdrawable as the members may specify in the by-laws. Usually, however, the people who invest in a coöperative society must have their money if they want it. They must have the privilege of receiving the cash for their shares if they actually need it. Moreover, the capital in a coöperative store earns a fixed rate of interest only, and whatever profit there is above this and other expenses is distributed among the purchasers.

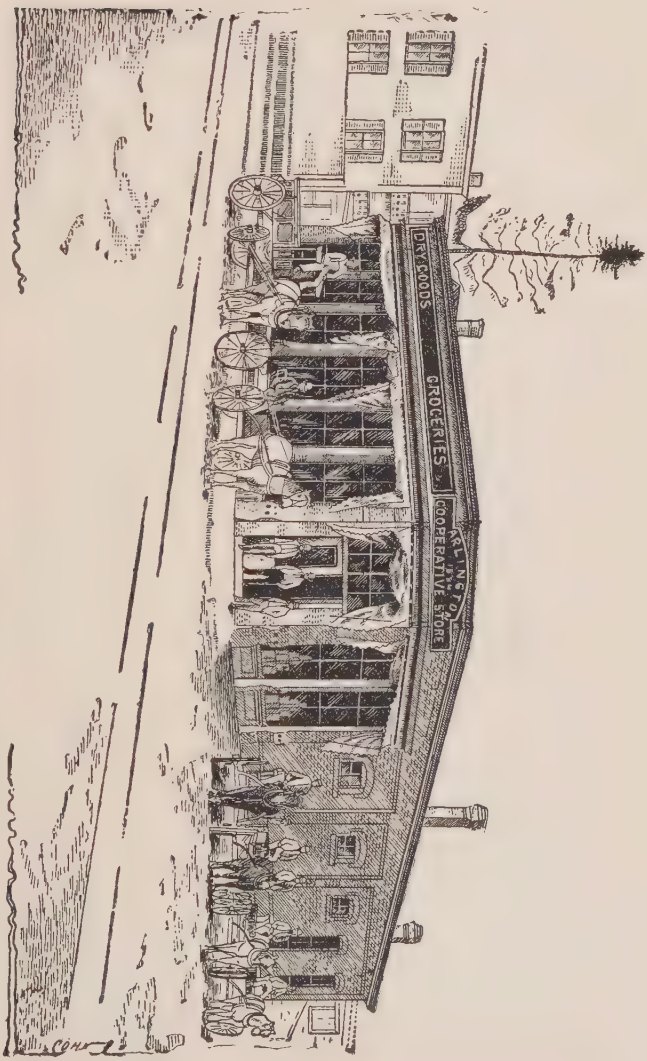


FIG. 4. CENTRAL STORE, ARLINGTON COÖPERATIVE ASSOCIATION.

The above by-laws provide in Art. X very carefully for the rights of members who wish to withdraw their capital or the dividends and interest that is placed to their credit. It will be observed that the stock is not transferable except by permission of the directors, but such transfer is unnecessary in practice, because any one who wishes to sell or transfer his stock can surrender it to the association at its par value after notice, while the same can be re-issued to new applicants. The legal limit of this notice is thirty days, but such surrenders have always been accepted practically upon demand. So long as this condition is maintained, it is impossible for the value of the stock to be either more or less than par. Hence the stock of a coöperative society on this system has no speculative value, and the only reason for withdrawing is lack of confidence in the management or necessity for the money.

The coöperative store can thus do a regular banking business up to the limits of its would-be capital. This gives the store cheap capital, enabling it to keep its expenses down, buy goods in the cheapest markets, and thus insure the largest possible dividend or savings to its members.

It is objected that this withdrawal clause places the business at the mercy of the shareholders, since, in case of a stampede, many of them might desert it. The directors, however, are given sufficient power to avoid such a contingency, while at the same time the withdrawal rights of members under all ordinary circumstances are maintained. When, however, a society reaches the stage at which the members all want to get out, it will make little difference whether its shares are withdrawable or not. For its success depends upon the management and the confidence the members have in the management.

The Value of By-Laws.—We may add right here that while model by-laws, such as those of the Arlington

association, are highly important, no perfection in this respect will make up for lack of management. That is the real thing upon which success depends. Good by-laws and a few rules lived up to are well enough in their way, but thorough businesslike management is the only thing that will insure success.

Coupled with this should be a proper attention to their duties and privileges on the part of each member. Each shareholder must do his part to achieve the best success. He should stand by the society, give it all his custom, bring in new members, and promote the coöperative idea among all with whom he comes in contact. So fully is this appreciated by some of the Arlington coöperators that they deem it sacrilege to buy elsewhere anything they can get at the "Coöp," while one family that holds many shares has much company so as to eat more groceries and add to the "divi" (dividend)!

Members are encouraged to invest their dividends and interest in more shares, rather than draw it out. By the latter plan, the member usually spends his savings and has nothing to show for them, whereas, by putting them into the business he gets five per cent net on all he saves. How much these savings may be in a year is shown by the dividends of five shareholders selected at random—$216.35, $134.58, $162.71, $174.46, $118.51. These are very substantial savings, the more so since none of the members of each of these five families probably earn over six to twelve dollars per week.

The Growth of the Arlington Association.—Long before the end of three years, the business at Lawrence outgrew the small building in which it was started. A desirable lot was secured on Holly street, and a cheap but spacious and substantial building was erected for a central store, illustrated in Fig. 4. The lot was large enough to permit of a stable and horse shed in the rear. A fine basement was constructed under the main build-

ing and provided with steam heating apparatus, a large refrigerator, etc. The whole building was planned to do a large business for the least possible work and expense. Two years later Branch store No. 1 was opened, —Jan. 5, 1889; this is rented. About the same time the expensive coal and wood yards, illustrated on Page 66, were secured. Just before Christmas in the same

FIG. 5. BRANCH NO. 1, ARLINGTON COÖPERATIVE ASSOCIATION.

year Branch No. 2 was opened, it being owned by the association. A large addition is soon to be made to Branch No. 1, but the association built Branch No. 2, which is designed to accommodate a much larger busi-

ness, if necessary, by removing the tenant on the first floor adjoining the store. The association employs twenty-four men, three women, twelve horses, seven delivery wagons and seven coal and wood wagons, also nine sleighs. The clerk and manager is the only salaried official, the president and directors being proud to labor for the good of the cause and the honor of the position (this honor is very highly esteemed), though of course their expenses are paid when they go off on business for the association.

How the Store is Run.—The goods are bought in the cheapest markets, at the right times, and in the largest possible quantities. One man, (James A. Coghlin) buys most of the groceries, but the other purchases are mostly made by the clerk. Advantage is taken of every discount for cash, and in other respects efforts are made to buy on the best terms. Thus, this spring the association bought three thousand tons of coal, before the price was advanced. It was delivered by the train load, and every member of the association was proud to feel that he was a part owner in this large business. The purchases and details of the business are conducted with the assistance of an advisory committee consisting of three directors, who meet weekly, and two of whom at least must approve all bills and vouchers, which must also be approved by the clerk. Thus the coöperative principle of united effort and active supervision is constantly practiced.

Bills for all purchases are paid by bank checks, which are signed by the treasurer and countersigned by the clerk. The heads of the different stores, who receive the goods and sell them, do not know what they cost or how much was bought. The buying is a department of itself, and is not done by those who make the sales. Thus there can be no collusion between the employes to defraud the association in the transaction of its business,

neither can the buyer "monkey" with the funds, since goods are paid for on receipt of bill, which has to be approved by the advisory committee and paid by check. Moreover, the goods received have to be up to the quantity and quality called for by the buyer and by the bills. Other societies should profit by this example.

The employes are young, active men who are well paid and whose pay is advanced as they prove their worth. The idea that the coöperative store is a good place for the relatives of its officials to obtain "soft jobs" does not prevail with the Arlington coöperators. How well this important point is guarded may be seen from Art. V, Sec. 5, particularly its concluding clause. No favoritism is shown, but every employe stands on his own merits. Any other method is unbusinesslike, improper, unjust, idiotic.

To Become a Member the applicant fills out the blank form on the opposite page, which is obtained at the stores.

When voted in by the directors, a pass book is given the member, into which all subscriptions to the capital stock will be entered. The pass book is four by six inches in size, containing eight ruled pages. The first cover page bears this inscription: "Arlington Coöperative Association, organized July 8, 1884. Stockholder's account, No. .... Always bring this book with you when you desire to do business with the treasurer." The third page of the cover contains Sections 3 to 9 inclusive of Article VI of the by-laws relating to interest and dividends. The first ruled page is headed: "No... Arlington Coöperative Association, Dr., to ———."

We will now suppose that the member wishes to make a purchase. He comes to the store, buys what he wants, pays cash for it and gets a yellow check for the amount from the storeman of whom he buys, together with the storeman's memorandum of article and amount. This

BLANK APPLICATION FOR MEMBERSHIP.

[FRONT.]

The Arlington Coöperative Association.

To the Board of Directors:

*Mr.*_____.

(*Occupation*),_____

(*Address*),_____,

being desirous of joining this Association, I (a duly recognized member) hereby recommend that he be accepted by the Board as a member, and I hereby enclose fifty cents initiation fee.

(*Signed*)_____

*Date*_____ (*Address*),_____

This is to certify that I wish to take at least One Share of Stock in the Arlington Coöperative Association, and will agree to conform to the By-Laws of the Association, if accepted.

Signed,_____.

[BACK.]

*This is to certify that the applicant herein proposed for membership in the Arlington Coöperative Association was*_____*by the Board of Directors at their meeting held*_____.

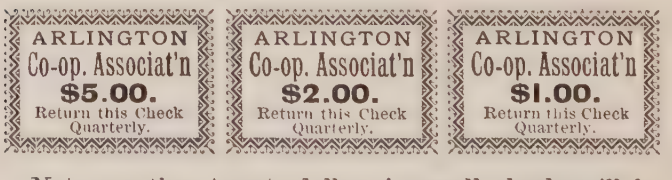
Signed,

_____*Clerk.*

NOTE.—After being accpted by the Board, it will be necessary for the applicant to pay over at least one dollar to secure the credit of membership on the books of the Association. As soon as the amount is paid in by instalments, or otherwise, amounts to $5.00, or the dividend credited on purchases reaches this amount, the subscriber is entitled to a Certificate for one Share of Stock; and may thereafter withdraw full dividend on subsequent purchases.

yellow check issues from one of the popular cash registering machines, and contains in black ink a statement of the amount of the purchase, also the number of the check. An almost invisible punch of the letters A. C. A. (Arlington coöperative association) is also made on each check. The paper is a special kind, not used elsewhere in town. It is therefore almost impossible to counterfeit the checks, as the punch and the paper guard against this, while the numbering is a further safeguard, any counterfeit being revealed by a repetition of the number, or bearing a different number from any issued during the quarter.

Where a store is starting on such a small scale that it cannot afford a cash registering machine, little pasteboard or metal checks with the name of the association and 5, 10, 20 and 50 cents printed on them, can be used. The cash registering machine's check is by far the best thing out, superior even to the long tried but more complicated systems in England. The register and the storemen's duplicate of memorandum furnished customers have to tally; thus honesty is insured. These purchasers' checks are brought in and exchanged for dividend checks of five dollars each; two dollars or one dollar checks are also given for sums less than five dollars. These dividend checks are like this:



Not more than twenty dollars in small checks will be exchanged in any one day for one person,—a regulation that is strictly enforced for the convenience of the store men. Otherwise it would be a good deal of work for them to exchange the checks for the heavy purchasers.

Many goods have to be delivered at the members' houses, but this is done very cheaply, the orders being collected in the morning and the goods delivered in the afternoon. A yellow check for the amount accompany the goods to each purchaser, which is surrendered only for cash.

On the date advertised for the receiving of checks, the checks for dividend (as illustrated above) and the members' pass books are presented at the clerk's desk, and a receipt given for the same as follows:

ARLINGTON COÖPERATIVE ASSOCIATION.

No. of Book_____

Quarter ending, Dec. 31, 1890.

RECEIVED the above number Pass Book, also Checks amounting to $_____.

GEO. DEWHIRST, Clerk.

The Quarterly meeting will be held in the Caledonian Hall, on Wednesday, January 28th, at 7.45 p. m.

The Pass Books will be ready and dividends for this quarter paid as follows: On Friday, Jan. 30, at Central store, from 2 to 8 p. m., on Saturday, Jan. 31, at Branch store, No. 2 Hancock street, from 12 m., to 2.30 p. m., and at Branch store, No. 1 Lawrence street, from 3 to 8 p. m.

No withdrawals of share capital will be paid during the time appointed for paying dividends.

If the party presenting checks is a non-member, he gets a receipt like this:

ARLINGTON COÖPERATIVE ASSOCIATION.

NON-MEMBER'S RECEIPT.

*Received of*_____

Checks amounting to $_____.

*Date*_____

GEO. DEWHIRST, Clerk.

☞ *This Check must be presented by the party collecting Dividend.*

The amount of the dividend to which he is entitled is then entered in his pass book, also the amount of interest due on his shares during the quarter, and the pass book is returned to the member. This record is taken from the convenient "summary book" of the stockholders' ledger. The matter is thus very simple for the member, and expeditious for the clerk.

The Directors' Meetings.—The directors attend to details by committees. The principal one is the advisory committee, which has charge of the general business. There is another on real estate. Special committees are appointed for special duties. The advisory committee is the most important a store can have, as before it come all complaints, changes of staff, etc.

I attended a meeting of the directors early in the spring of 1891. They were nearly all present—solid, substantial, intelligent looking, practical working men, some more successful than others financially, but all of good judgment. The meeting was called to order by President Speed, the clerk taking a record of those present. The minutes of the last meeting were read and accepted. A very complete cash statement for the two weeks ending that day was then read by the clerk. It showed the receipts and expenses for each department and each store, and compared this data with the corresponding two weeks of the previous year. In every case there was a handsome increase, which the directors commended and were pleased at such progress. They considered a few points of the report, which showed them just how the sales and expenditures stood, and then accepted it. The clerk then read off a long list of applications for membership. Some of these provoked inquiry as to just who the parties were, in what part of the city they lived and which store they would be served from, etc. Then all were accepted by one vote. A few applications for withdrawal of stock were then acted upon.

The records of the meetings of the advisory committee since the last meeting of the directors, which are also kept by the clerk, were read by him. These records showed just what the committee had done, and contained a few suggestions, which the board proceeded to discuss, after which the records were approved. The records included a mention of the members of the committee present at each meeting, so that the directors could see

FIG. 6. BRANCH NO. 2, ARLINGTON COÖPERATIVE ASSOCIATION.

how thoroughly they attended to business. It was apparent that while the directors had implicit confidence in their manager, both he and they insisted upon a full statement of affairs twice a month. This, with a careful audit, keeps both directors and shareholders well posted, and gives them confidence in the association—an important point.

These regular matters out of the way, the clerk brought up the question of buying sugar and one or two

other minor matters, upon which an interchange of opinion was expressed and the matters were acted upon by vote or referred to the clerk or to the advisory committee. The business meeting then adjourned, and an informal discussion of the coöperative movement followed. The conversation showed how thoroughly the directors have mastered the principles of the subject, and the careful way in which they considered certain suggestions about widening their operations showed businesslike caution, and indicated how well they had learned the lesson that they should grow only as fast as their means and experience permitted, avoiding everything of a speculative or risky nature.

The Taking of Stock.—All stores are closed one day, at the end of the quarter, for the purpose of taking stock. Every article of merchandise in the different stores is counted, measured or weighed by the employes in charge of the respective departments, who make a report on slips of paper as to the amount of each article. Then the clerk and auditor, with the manager of the store, go through the goods to see that the amount on hand verifies the quantity reported by the inventory.

The clerk and auditor are the ones who put the price on each article in the inventory. The value allowed is what the goods cost, unless the market price is lower, when a corresponding reduction is made, but in no case are the goods valued above cost, however much the market on them may have advanced. These values are made up from the clerk's accounts and bills, under the immediate supervision of the auditor. In this way the inventory is taken both quickly and accurately, in one day for all the stores. There can be no mistake as to the quantity or character of the goods on hand, while the value of the same, being taken from the association's accounts and bills, instead of being put on by the employes, who might be careless about it, are always on the

safe side. In all cases the value is put low. Few, if any stores run by private capital take so careful and conservative an inventory. In this respect also the example of the Arlington should be carefully imitated. There is no way by which a coöperative store can deceive itself as to its condition more readily than by swelling the inventory. It must be put down to hard-pan and kept there. In addition to this a suitable allowance should be made for depreciation in the value of fixtures,—store furniture, scales, wagons, etc., as mentioned on Page 47.

Auditing the Accounts.—The great danger with most coöperative stores is that the auditing is shirked. It is seldom thoroughly done. The auditor usually goes through the books in a perfunctory way, and sees that the totals balance. If, later on, it transpires that the accounts are not correct, the auditor is usually quite as much surprised as the other members. Now the Arlington association does not approve of any such slipshod or unbusiness-like method. It not only insists on a careful and complete auditing of its books and accounts, but it is fortunate in having an auditor who knows how to do it and who takes an interest in the work.

Yet this gentleman, George Hartley, is not an expert bookkeeper, or one whose business has specially qualified him for such work. He is a plain, substantial working man, who has made his way from the spinning frame to be assistant overseer in one of the departments of the mills. But he has a complete knowledge of the coöperative movement, appreciates the importance of a thorough audit and has learned how to do the work properly. Having learned how to do the work while the business was small, he has developed with it. The same would be true of auditors in similar enterprises. The great point to be noted here is that the very first audit made was searching and complete—a policy that has since been maintained. Nothing is taken for granted. It is

far easier to enter upon this policy at the start than to inaugurate it after a coöperative society has gone wrong.

The accounts being finally balanced, the books are handed over to the auditor. In making the audit, Mr. Hartley first goes through the inventory, checking the prices and amounts. He then goes through the books very carefully, checking up the vouchers for all expenditures and seeing that they are properly posted to the different accounts, and that the various accounts and cash balance. In the course of business, every bill, (after approval by at least two of the three members of

FIG. 7. ARLINGTON'S COAL AND WOOD YARD.

the advisory committee and by the clerk) is numbered and entered in the journal with a corresponding number. The vouchers being arranged in rotation, can be quickly checked up. Special care is exercised in auditing accounts with shareholders. A ledger account is kept with each member, which is duplicated in his pass book, as it is returned quarterly to be written up from the ledger. The association also has a summary of this shareholders' ledger, which makes it comparatively easy to audit these accounts. This system is the one adopted by the coöperative society at Leeds, England, the largest in the world. It is best explained by example; hence we insert here the following instances:

FOUR SAMPLE ACCOUNTS FROM THE SHAREHOLDERS' LEDGER.

No. of Account, 102.

Dr.	*Cr.*
	April 1 ..... $30.06
	" 27 Cash 25.00
	Interest..... 12
	$55.12
	July 1, Int. and Div.. ..... 7.54

No. of Account 103.

Dr.	*Cr.*
April 30 To cash.....$100.00	April..... $135.17
Balance 41.81	Int. and Div..... 6.64
$141.81	$141.81
	July 41.81
	Int. and Div..... 5.54

No. of Account 104.

Dr.	*Cr.*
	April 1..... $42.00
	Int. and Div..... 8.00
	$50.00
	July 1, Int..... 62

No. of Account, 110.

Dr.	*Cr.*
	April 1..... $5.06

These accounts appear as follows in the summary book, their accuracy proving themselves by balancing of totals and references to the last quarter. By this system it is practically impossible for a careful audit to fail to find errors, if any occur, in the shareholders' accounts.

THE ABOVE ACCOUNTS AS ENTERED IN SUMMARY BOOK.

Number.	*Member's Claim.*	*Subscription.*	*Int. & Div. Transf'd*	*Withdrawn.*	*Present Claim.*	*Interest.*	*Checks Returned.*	*Dividend.* 7%	*Int. & Div. Withdr'n.*	*Transf'd to next Quarter.*	*Number.*
102	$30.00	$25.00	$0.12		$55.12	$0.54	$100	$7.00		$7.54	102
103	135.17		6.64	$100.00	41.81	.50	72	5.04		5.54	103
104	42.00		8.00		50.00	.62				62	104
110	5.06				5.06	.06	33	2.31	$2.37		110

The Quarterly Statement.—Before the accounts are finally closed, a draft or trial balance is submitted to the directors for their approval and declaration of dividends. This statement to the directors is much more complete and in detail than is given in the published report furnished to the shareholders. The reason of this is that the officers do not care to help their competitors by unnecessarily giving away their own business. After the auditing is completed, and the quarterly statement as finally made up is signed by the auditor and clerk, it is again presented to the directors in the form in which it is to be printed. They then approve it and decide how many shall be issued. It is printed and is distributed to the members two or three days before the quarterly meeting. A sample of this balance sheet and clerk's statement is given below. We commend it as a model in its way, and advise every coöperative association to follow this form of making reports. It is not only plain, so that any member can understand it, but it is also an accurate and business-like combination, which cannot be said of the reports of most coöperative societies, which frequently sacrifice accuracy in an attempt to be plain. The quarterly statement is printed in clear type on a four-page leaflet, each leaf being eight and one-half by eleven and one-half inches in size. It is reprinted by pages, and its style imitated:

[First page.]

ARLINGTON COÖPERATIVE ASSOCIATION.

LAWRENCE, MASS.

CENTRAL STORES, 475 AND 477 BROADWAY.
BRANCH NO. 1, 19 AND 21 LAWRENCE STREET.
BRANCH NO. 2, 17 HANCOCK STREET.

Twenty-sixth quarterly statement of the Arlington coöperative association, as presented to the members at the quarterly meeting held April 29, 1891, at the Caledonian hall, Brechin block.

FELLOW MEMBERS:—Your Directors have pleasure in submitting the following results of the quarter's business:

Cash sales of merchandise:	Central store	$15,034 86	
	Branch No. 1	11,306 97	
	Branch No. 2	6,028 53	
			$32,370 36
Fuel (coal and wood)			7,208 79
Dry goods			3,419 24
Boots and shoes (Lord Bros. and Robert Barker)			4,131 67
Clothing (W. H. Gile & Co.)			3,312 82
Stoves and Tinware (Wm. Forbes & Sons)			168 54
Dry goods (R. M. Cross & Co.)			1,656 15
			$52,267 57
Non-members' checks returned, entitled to one-half dividend		$ 1,613 00	
Members' checks returned		58,413 00	
Total			$60,026 00

As shown by the clerk's statement herewith we realized a gross profit:

On total sales made, of	$10,141 73
Deducting salaries, interest, and expenses	5,524 59
We have a net profit of	$4,617 14

Which your directors have distributed as follows:

Members' full dividend, $92 at 8 per cent (omitted last quarter), $58,321 at 7 per cent	$4.089 73	
Non-members' dividend, 3 1-2 per cent	56 45	
Amount carried to sinking fund to balance above	470 86	
		$4,617 14

Our sales during the quarter show an increase over the corresponding period of last year of	$9,165 79
And net profits of	1,157 40
During the quarter our net gain in membership is	116
Total number of members, April 1, 1891	1560

[Second page.]

Your Directors have pleasure in stating that our membership, capital stock, and trade continue to steadily increase. During the year our sales have increased $38,793.05, and net profits $3,906.90. You will note that the checks returned for dividend amount to $7,759.00, more than our sales, and although our dividend is smaller than last quarter, still our net profits show a greater percentage on sales.

In accordance with your vote, arrangements have been made for enlarging the Lawrence street store.

Respectfully submitted on behalf of the directors,

JAMES SPEED, President.

Announcements.

How to Become a Member.—This association is open to membership from the general public on nomination by a member, and acceptance by the board of directors. Blank forms of application may be obtained at the stores.

Immediately after a candidate for membership is admitted, a share book will be given him, into which all subscriptions will be entered. Upon payment of one dollar on account of shares, the subscriber is entitled to have full dividends on checks returned. This dividend cannot be withdrawn until full amount of one share stands to the credit of the subscriber by payment or otherwise.

The clerk's office is open every Friday evening from 7 to 9 o'clock to receive and pay out subscriptions.

We wish to call the attention of the stockholders to the fact that we are in a position to deliver from our own yard, Hardwood, Birch, Pine, and Pine Slabs, in stick or prepared.

Note.—Your loads are sent out in larger wagons than the average peddler uses.

Arrangements are still in force with LORD BROS., 503 Essex street, and ROBERT BARKER, 517 Broadway, to supply our members with boots and shoes; W. H. GILE & CO., 224 Essex street, for the supply of clothing; R. M. CROSS & CO., 247 Essex street, for the supply of dry goods. Similar arrangements have been made with WM. FORBES & SONS, for the supply of stoves, etc. Upon presenting at store receipted bill from them, checks will be given in exchange, the same as for purchases made at our store.

Dividends and Interest on this quarter's business only, will be paid at Central store, on Friday, May 1, *from* 2 *to* 8 *p. m.; on Saturday, May* 2, *at Branch store, No.* 2 *Hancock street, from* 12 *to* 2.30 *p. m.; and at Branch store, No.* 1, *Lawrence street, from* 3 *to* 8 *p. m. All dividends and interest not withdrawn on these days will be transferred to member's account, and cannot be withdrawn without notice.*

Members are earnestly requested to allow their dividends to remain to their credit. This is one of the best and surest ways for workingmen to accumulate savings.

Customers are hereby notified that not more than twenty dollars in checks will be exchanged on any one day. The storemen have strict instructions to enforce this regulation.

Colored checks for dividends will be received as follows: Central store, Broadway, June 26, *from* 2 *to* 8 *p. m.; Branch No.* 2, *Hancock street, June* 27, *from* 12 *to* 2.30 *p. m.; Branch No.* 1, *Lawrence street, June* 27, *from* 3 *to* 8 *p. m.*

Members will please note that it is desirable that all share books should be returned every quarter so that they may be entered up and audited.

Business for Quarterly Meeting.

Records of last quarterly meeting.
Acting upon report and balance sheet.
Election of directors, treasurer, clerk, and auditor.
New business.

[Third page.]

CLERK'S STATEMENT FOR QUARTER ENDING MARCH 31, 1891.

RECEIPTS.		DISBURSEMENTS.	
Cash on hand Jan. 1	$ 3,025 47	Int. and divid'nd paid out	$1,500 06
Sales	52,267 57	Shares and instal. " off	3,843 97
Shares and instalments	5,964 30	Insurance	112 50
Initiation fees	65 00	Expense	743 14
Rents	87 75	Fixtures	250 00
Manure	27 50	Stable	395 00
		Salaries, merch'dise dept.	2,114 76
		" dry goods "	230 66
		" fuel "	734 13
		Purchases of goods	43,274 49
		Freight	198 52
		Real estate	1,000 00
		Non-members' dividend	56 45
		Cash on hand	6,983 91
	$61,437 59		$61,437 59

PROFIT AND LOSS.

Proportion taxes and ins.		$163 89	Gross profits		$10,141 73
Int. educa'l fund.	$ 1 63	521 94			
" capital	520 31				
Depreciation of fixtures		384 50			
Salaries, merchandise		2,114 76			
" fuel		734 13			
" dry goods		230 66			
Freight		198 52			
Horse keeping		397 50			
SUNDRY EXPENSES.					
Horseshoeing	$ 48 06				
Repair'g harn's, etc.	40 75				
" wagons, etc.	63 45				
Print'g, station'y, "	125 87				
Telep'ne & teleg'ms	33 55				
Cash carrier	18 00				
Traveling expenses	117 00				
Ice	23 36				
Rent	107 00				
Gas & electric lights	90 69				
Water	17 47				
Repairing baskets	15 75				
Coal	35 55				
Salaries	42 19	778 69			
Members' dividend		4,089 83			
Non-members' dividend		56 45			
Sinking fund		470 86			
		$10,141 73			$10,141 73

Ledger Balances.

Merchandise on hand		$13,479 21	Sinking fund		$7,537 97
Fuel	"	3,151 85	Stockholders' claims		45,937 78
Dry goods	"	7,923 57	Educational fund		132 19
Fixtures		7,154 21	Int. quarter end'g Mar. 31		520 31
Real Estate	Holly street	10,612 00	Stockholders' dividend		4,089 83
	Railroad	4,111 81			
	Hancock st.	4,473 72			
Taxes and insurance		327 80			
Cash on hand		6,983 91			
		$58,218 08			$58,218 08

Respectfully submitted,

George Dewhirst, Clerk.

Examined and found correct.

George Hartley, Auditor.

[Fourth page.]

Twenty-sixth Quarterly Statement.

ARLINGTON COÖPERATIVE ASSOCIATION.

DIRECTORS' ATTENDANCE.

Whole number of meetings during the year, 34.

JAMES SPEED, President	31
GEO. DEWHIRST, Clerk	34
FRANK FARR, Treasurer	0
J. G. INGALLS	30
JOHN WILKINSON	29
GEO. LIGHTFOOT	18
RICHARD CAMPBELL	30
J. H. HULFORD	18
GEO. ELLIS	27
W. J. BUTLER	29
JAMES LAWLOR	29
JOHN WATTS	32
J. B. LYALL	31

Whole number meetings advisory committee, 57.

J. G. INGALLS	50
GEO. ELLIS	55
JOHN WATTS	51

Comment on the Statement.—The first and most important point is that the entire business is for cash. The coöperators thus avoid all bad debts; they also avoid the tax on those who pay to make up for losses on

dead beats, which is borne by all prompt paying customers of private stores. The ledger balances do not include any such thing as bills receivable, neither are there any bills payable. The only exception to this is when a heavy purchase, as of coal, is made, part of which has to be carried as bills payable for a time, but this is done only when great savings can be made, and is not the rule.

The next point to be noted is that the members' checks returned were over seven thousand dollars in excess of the sales. This was because the association does not require that checks shall be returned at the end of the quarter. Some members bring in their checks only twice a year. The Johnson county coöperative association requires all checks on a quarter's business to be returned within a few days of the end of the quarter, or the dividend is forfeited. Mr. Dewhirst says that theoretically this is a good rule, but practically the objection is that it adds extra red tape which, so far as members are concerned, should be done away with as much as possible.

It is also to be noted that the interest on capital stock is properly counted as an expense, like salaries and other expenses. The large net gain in membership is noticeable. The confidence the members have in the store is shown by the fact that the average investment of each member is fully thirty dollars,—a large sum considering that most of the members are mill operatives, earning from five to nine dollars a week. The increase in the business reported is remarkable. The announcements on the second page of the statement are important to the members.

The crowning feature of the report is the very clear clerk's statement on the third page. No business house can show a cleaner balance sheet, especially when we remember that the fixture account is reduced from over

eleven thousand dollars, that the inventory is taken at cost or less, and that the real estate is worth probably twenty per cent more than it is put in at. The clearness with which the statement shows where the money came from, and where it went to, will also satisfy the most exacting.

Trading With Other Stores.—In explanation of the sales of boots and shoes, clothing, stoves and tin ware, also dry goods from R. M. Cross & Co., noted in the clerk's report, it should be stated that these are articles not dealt in by the Arlington. For the accommodation of its members, however, it has an arrangement with the four firms mentioned, by which a dividend of ten per cent on all purchases at such stores is paid by these stores direct to the association on such receipted bills from them as may be presented to it by its members. The purchaser receives the same dividend at the end of the quarter on such purchase as though it were obtained directly from the association itself. This is a feature which has also been long tried in England and with marked success. It is not only a convenience to the members, securing them the same rebate or dividend as on goods bought at the coöperative store, but it yields a small income to the store and also makes these dealers in other lines its special friends instead of unnecessarily antagonizing them, as is so frequently done by coöperative societies. It will be observed that the receipted bills from these four outside stores turned into the association by the coöperators during the twenty-sixth quarter made a total of $9,269, ten per cent of which is $926.90, but the store paid only a seven per cent dividend, so that the store had to pay out only $648.83, leaving the balance of three per cent, or $278.07 as additional profits. The coöperators pay the regular prices at these stores and their receipts are their vouchers. This plan therefore does away wholly with the cumber-

some and unsatisfactory system of trade cards, and the necessity for identifying coöperators at other stores. The Arlington store men know most of their members, so a trade card is not required.

The Quarterly Meeting.—The clerk's statement carries with it the notification of the date of the quarterly meeting of the members and the business that will come before them. They can therefore see just what is on and can be considering it. The meeting is called to order by the president. The records of the last quarterly meeting are read and approved. The financial statement and report is then read by the clerk. Questions about it are invited and often a little profitable discussion takes place, the items being explained as requested. This is always done very cheerfully, much information being imparted to the stockholders in this way that it would be unwise to print in the report. After the balance sheet has been accepted, other business that belongs to the shareholders may come up and be talked of, such as extension of the premises or increase of capital stock, while any shareholder is at liberty to bring up other matters of interest. The by-laws, however, do not permit shareholders to make complaints at the meetings, such matters coming before the advisory committee or board of directors. Nor do the rules permit subjects foreign to the affairs of the association to be discussed.

The weakest point in the Arlington is that its members have such confidence in the management that they do not turn out to the quarterly meetings, 100 out of 1,600 members being an exceptional attendance. This could be overcome by preparing an attractive program of talks and discussions to follow the adjournment of the business meeting. In this way the quarterly meetings could be made of great educational value.

How the Arlington Has Grown.—The following table shows the development of the association in its

first six years, ended Oct. 1, 1890, proving conclusively that, rightly managed, the coöperative store is a grand success:

	1885.	1886.	1887.	1888.	1889.	1890.	*Grand Total*
Number of shareholders	280	351	577	751	1,086	1,391	1,381
Capital stock	$3,557	$6,027	$14,744	$20,203	$27,586	$40,312	$40,312
Sales	38,195	45,385	70,970	105,645	141,007	184,753	585,956
Interest paid	173	192	442	877	1,144	1,558	4,387
Net profits	2,273	3,770	5,969	7,477	10,378	14,039	43,907
Total return on capital	2,446	3,962	6,411	8,355	11,523	15,597	48,294
Ditto per cent	76	103	73	47	50	51	55
Sinking fund	477	1,200	2,150	3,061	4,408	6,518	6,518
Dividend paid	1,950	3,118	5,145	6,781	9,236	12,132	38,632

The dividends on purchases have varied from seven to nine per cent. It will be noted from the table that had the amount thus returned to the patrons of the store been divided only on the average interest-bearing capital, the average interest on the capital stock for the six years would have been fifty-five per cent annually. The Arlington association is more than maintaining its previous rapid progress, for April 1, 1891, the stockholders had increased to 1,560; capital stock, $45,938; sinking fund, $7,538; total amount of sales to date $690,534; total amount of dividends divided, $45,888. The sales for the year ending Oct. 1, 1891, will be nearly a quarter of a million of dollars.

The small expenses further confirm good management. Aside from interest on capital and depreciation of fixtures, the expense in the twenty-sixth quarter was only a fraction over eight per cent on the business done. Since most of the goods have to be delivered at the members' houses, this shows exceedingly close management. Still the help are well paid, boys receiving from four to ten dollars a week, and men from nine to eighteen dollars a week. The grocery stores open every morning at 6.30, the dry-goods stores at 8, closing on Monday and Tuesday at 7, Wednesday at 1, Thursday at 8, Friday at 9.30 and Saturday at 10 o'clock. The stores are thus closed one-half day in each week, giving

employes a weekly holiday the year through—something almost unheard of in private corporations.

The men who have made this conspicuous success have done it more by strict attention to business than by any exceptional talent. The directors just now include Americans, Englishmen, Irishmen and Scotchmen. These gentlemen are for the most part overseers or assistant overseers in the mills and serve without pay. They all cheerfully admit, however, that the society cannot be run by its directors. Yet the clerk, George Dewhirst, seems to have grown up with the business. He was born in Yorkshire in 1849, emigrating to America in 1881. In England he was a bookkeeper and cashier for a large firm of lumber dealers, and is one of a family of coöperators who were members of the Keighly society. He went into the Arlington mills as a weaver and worked his way until he got into the general office as bookkeeper. He kept the accounts of the coöperative store the first three years evenings, in connection with the treasurer, and was then chosen clerk and manager, which position he has since held. It will be noticed that he had had clerical experience and was a good bookkeeper—important points in a store manager.

An Instructive Failure.—It is true that many coöperative stores have started under what appeared to be brilliant auspices, only to fail disastrously. But in every case investigation shows such failures to be readily accounted for, mismanagement and departure from the principles of coöperation being the true causes. Aside from the many attempts of temporary duration, perhaps the most instructive failure is that of the Philadelphia Industrial Coöperative Society, Limited, which was incorporated in 1874, and at one time reached a membership of over 2,500, operating eight stores, and being considered the most prosperous coöperative association

in America. It stopped business in February, 1890, when a proper taking of stock disclosed a deficiency of over $10,000, after wiping out its reserve fund of about $6,000. The rapid growth of the Philadelphia association and its equally rapid falling away are shown by the following comparison, the fifteenth year being 1889:

	Sales.	*Profits, including int. on capital.*	*Sinking fund.*	*Capital stock.*
6th year,	$101,217	$ 5,584	$ 461.79	.....
7th "	132,068	9,851	1,067.08	.....
8th "	209,092	15,543	2,992.67	$40,881.47
9th "	241,291	22,745	2,845.81	59,131.05
10th "	236,688	21,043	3,565.25	63,000.88
11th "	202,043	13,688	4,061.85	55,188.75
12th "	171,278	11,162	4,523.70	49,349.36
13th "	126,080	6,960	4,999.92	44,233.55
14th "	122,590	4,102	5,565.50	46,105.70
15th "	53,252	*10,933	5,972.68	28,700.29

*Net loss.

Investigation proved it a wonder that the association had run as long as it did. In the first place, the store never had a competent executive or manager. The directors attempted to run the business, and did it in an unbusinesslike manner, because, like many working men, they were not familiar with such matters. In fact, there were so many cranks and impracticable men among the shareholders that the directorship was an unbearable office, and good men could not be secured for this place. An attempt was made to get a more competent general manager, but the directors did not work in harmony with him and did not feel justified in paying the salary a really competent man could command. Again, the directors opened branch stores and tried to do much trade without having the necessary capital, carrying heavy mortgages to do this and therefore having large expenses for borrowed money. They failed to solidify the business, constantly deceived themselves in their inventory and did not allow enough for depreciation of fixtures. During the ninth year they reduced the sinking fund to keep up the rate of dividend. This gave a

shock to the confidence of the shareholders that was never recovered, for the business and membership constantly fell off. There was a great scramble to get out during the sixty-first quarter, ended Nov. 16, 1889, during which capital stock and loans to the amount of over $21,000 were withdrawn. When the unsound state of the association was discovered, early in the '80's, the whole thing was not gone over thoroughly and put down to hard-pan. Had this been done, under proper management this association might to-day have been doing a business of half a million dollars a year. The great lesson of its failure is not the weakness of coöperation, but its strength, for only a coöperative corporation could stand such mismanagement as long as this one did. The contrast between the Philadelphia and the Arlington is most instructive.

Summarizing it All, we cannot do better than quote in full from "Workingmen Coöperators," Acland and Jones's pithy condensation, every word of which is as true in America as in England:

"**Essential Points.**—(*a*) The store is open to all; (*b*) charges ordinary market prices; (*c*) receives cash only, and gives no credit; (*d*) gives dividend in proportion to purchases; (*e*) every member must have a share or shares, and receives good interest on them; (*f*) all are equal in voting power, each having one vote only whether they hold few or many shares; (*g*) the store sells genuine articles, which are what they profess to be; (*h*) the store has an honest manager and active directors; (*i*) the society insists on an efficient and an intelligent audit and stock-taking.

"**Causes of Success.**—(1) A clear understanding and performance of the duties of an officer, an employe, and a member; (2) competent and painstaking officers; (3) competent and trustworthy employes; (4) proper security for the honesty and efficiency of the principal

employes; (5) amicable and earnest working together; (6) promptitude and punctuality in business; (7) impartiality, civility and pleasant manners in the members and in the staff; (8) generous treatment of the employes; (9) judicious purchasing and careful regulation of the stocks; (10) cash purchases and cash sales; (11) carefully regulated expenses; (12) judicious investment of all surplus capital; (13) ample depreciation of property; (14) ample reserve funds; (15) good bookkeeping and auditing; (16) officers giving full and free explanations to the members' meetings; (17) members having full confidence in the officers.

"**Causes of Failure.**—(1)Allowing the storekeeper to do as he likes; (2) allowing credit to purchasers; (3) bad bookkeeping and auditing; (4) bad by-laws; (5) carrying repairs and renewals to fixture and real estate account instead of to expenses account; (6) competing with the stores that cut prices; (7) expenses too great for the business; (8) employment of incompetent persons; (9) dishonesty; (10) injudicious purchasing; (11) injudicious and frequent changes of policy; (12) members purchasing away from the store; (13) not taking ample security from persons in a position to misapply the society's effects; (14) inefficient officers; (15) members being unreasonable and quarrelsome; (16) purchasing goods on credit; (17) overbuilding; (18) starting branches or new departments before the society is strong enough to bear the burden; (19) waste behind the counter from bad stock keeping or careless weighing." To which we may add that another and a great cause of troubles that lead to failure is the heretofore too common idea that coöperation was a *new way of transacting business,* whereas its division of net earnings is the only thing actually new about it, as explained on Page 16.

In Conclusion, it would be difficult to add to the foregoing exhaustive account of the coöperative store,

and to the further experiences narrated in the next chapter and also in the Appendix, a more fitting conclusion and worthy advice than that given below. It emanates from and is based on the long and successful experience of the old Rochdale Pioneers, being as true in America as on the other side of the water.

1. Procure the authority and protection of the law by incorporation.

2. Let integrity, intelligence and ability be indispensable qualifications in the choice of officers and managers, and not wealth or distinction.

3. Let each member have only one vote, and make no distinction as regards the amount of wealth any member may contribute.

4. Let majorities rule in all matters of government.

5. Look well after the money matters. Punish fraud when duly established by the immediate expulsion of the defrauder.

6. Buy your goods as much as possible in the first markets; or, if you have the produce of your industry to sell, contrive, if possible, to sell it in the last.

7. Never depart from the principle of buying and selling for spot cash.

8. Beware of long reckonings. Quarterly accounts are the best, and should be adopted when practicable.

9. For the sake of security, always have the inventoried value of the fixture account at least one-fourth less than its marketable value.

10. Let members take care that the accounts are properly audited by men of their own choosing.

11. Let committees of management always have the authority of the members before taking any important or expensive step.

12. Do not court opposition or publicity, nor fear it when it comes.

13. Choose those only for your leaders whom you can trust, and then give them your confidence.

CHAPTER IV.

FURTHER EXAMPLES OF COÖPERATIVE DISTRIBUTION. HOW TO START A STORE.

The Lessons of Experience are so valuable, and the coöperative store the form of coöperation that will be most practiced, we give here a full statement of several other successful enterprises of this kind. The Appendix also contains brief accounts of many other coöperative stores. These examples are sufficiently varied as to location, occupation of members, kind of management, etc., to more than confirm the claims previously made for coöperation as adapted to all sections, all vocations and all peoples. Accompanying each statement are suggestions from the experience of the managers, coupled with author's comment at times. Thus would-be coöperators may get the full benefit of all this practical experience. We by no means decry the importance of the *theory* of coöperation, but believe the necessity for its successful *practice* more than justifies this chapter. It concludes with a brief summary of just how to start a coöperative store.

THE LYONS COÖPERATIVE ASSOCIATION.

The History of this very successful association is full of promise for coöperative effort among wage-workers in cities and villages as well as among farmers. Lyons is a brisk manufacturing and business center, the shire town of Clinton County, Iowa, on the Mississippi river, opposite Fulton, Ill., about one hundred and thirty-six miles from Chicago, with a population of five

thousand seven hundred and ninety. When the local assembly of the Knights of Labor was organized at Lyons, July 12, 1885, among its principles was one which taught coöperation. This subject was discussed repeatedly until at a meeting held Dec. 17, 1886, one of the members laid fifty cents upon the table to start a fund to begin coöperation in some form. He was followed by ten others, the total subscribed being six dollars and fifty seven cents.

A coöperative committee of three to solicit members and capital was appointed, which elected one of its number president, another secretary, and a third treasurer, and decided to put the money in the bank in the name of all three of the committee so that one could not draw it out without the consent of the others. The committee and those who had paid continued to solicit, and reported progress to the weekly meetings. Soon they had upward of four hundred dollars paid in, cash being called for instead of subscriptions to stock or promises that might never be realized upon.

A long discussion as to whether the funds should be used in manufacturing or retail business followed, the latter being finally adopted as the simplest to control. The argument against manufacturing was that the workers had no market for their goods and that it would be far better to establish retail stores and create a demand for the goods and manufactures would follow.

How it Started.—A general meeting of the contributors to the fund was called, to which was submitted the articles of incorporation carefully prepared in accordance with the State law. These were adopted and the president, secretary, treasurer and directors elected, who were to be the incorporators. This body moved ahead at once, filing the articles of incorporation before a notary public July 7, 1887, before the county recorder July 8, and before the Secretary of State July 15, and

FIG. 8. HEADQUARTERS OF THE LYONS COÖPERATIVE ASSOCIATION.

got their charter from the latter official July 21. (See Appendix.)

By-laws were adopted, and a store room rented in a good location on Main street for thirty dollars a month, which was stocked with six hundred dollars worth of groceries bought of a wholesale dealer for spot cash. The store opened for business Aug. 12, less than one year from the first effort. In the meantime, the question arose whether to have an experienced man at a big salary to run the store or an inexperienced man at a small salary and let him learn and grow with the business. The members wisely decided on the latter course, selecting Thomas H. Angell as manager, who is with them yet, and to whom we are indebted for much of our information. Mr. Angell does not recommend such a selection as safe policy in all cases.

Outside the members of the association the public in general, with a few exceptions, had but little faith in the success of the enterprise, the expression being often heard that "the boys were having a little fun, but it would not last long." More or less opposition was provoked, and the officers received a letter threatening to blow up the store with dynamite. Late in the fall when the store was quite well established the coöperators practiced a shrewd advertising dodge by entering into a newspaper voting contest for the most popular grocery, coming in second-best against the combined stores of the town. Then the other dealers said the "Coöps" could not last all winter, and, when the store bought a whole car-load of potatoes in the spring, that it was surely gone.

A Building Purchased.—But on Feb. 25, 1888, the "Coöps" purchased what was then known as the Murphy block for $4,025, having got tired of paying $360 a year rent. That sum, with what rents were received from the part of the building not used by the store at

that time, more than paid the interest on the purchase money, taxes and insurance, and left a small balance each year to apply on the principal. The society now owns it and has christened it "Coöperative Block." After this gradual but substantial growth, the store began to win the confidence of business men and the public in general and the result was an increase of members and capital, and its adjunct—patronage, until at the fourteenth quarterly meeting, Jan. 20, 1891, it was found necessary to increase the capital stock from $20,000 to $100,000, which was done, with a limit in the by-laws that no one person should hold more than $500 of stock.

A meat market was added to the store in the spring of 1890, which has done very well. Thus encouraged, a clothing and boot and shoe department was opened in the fall of 1890, which so far has exceeded expectations. Other enlargements and extensions are now under consideration. The store now has ten employes, five horses, three delivery wagons and an annual retail trade of $60,000 to $75,000 a year—the largest in the city.

Trade and Credits.—The store charges the usual retail prices. After paying expenses of management and interest on capital, also setting aside at the rate of ten per cent per annum to repair the deterioration of fixed stock, the remaining profits are divided in dividends to members on their paid-up purchases, which have averaged eight per cent during the fifteen quarters to April 20. Two per cent quarterly is paid on capital, so that if a member owns fifty dollars worth of stock, his interest for three months amounts to one dollar; and if his paid-up trade is of the average amount—sixty dollars worth—and the dividend on the same only five per cent, he gets three dollars more, or four dollars in all, which is eight per cent quarterly on his fifty dollars capital, or thirty-two per cent annually.

Cash payments are insisted upon, though thirty days' credit is allowed if parties are personally known to be good. No credit is given, even to members, beyond the amount of their capital. On this point the store ought to be still more strict, for we find the book accounts (money owing by members) amounted to $3,644, on Oct. 20, 1890, which sum had increased to $4,248 three months later. Mr. Angell, however, says they watch their book accounts carefully, and keep them all good, for when a man does not pay as he promises he is stopped, even at the risk of losing a customer. In spite of this precaution, however, it is to be noted that during the fourteenth quarter $77.49 was allowed for bad debts. This sum is almost thirteen per cent of the dividend paid during that quarter. Had the $77.49 been paid in cash, the balance to the credit of the sinking fund would have amounted to $94.88. Contrast this loss, in three months, from bad debts on sales of $15,000, with the loss of only $2.70 in a business of $40,000 in several years, reported by the South Paris (Me.) grange. The Arlington coöperative never lost a dollar from bad bills; no bills receivable appear on its ledger, the balance of assets above real estate, fixtures and merchandise always being "cash on hand," except as noted.

The Strong Points of the success of the Lyons association are pronounced by Mr. Angell to be the ownership of its own store, so as to avoid paying rent, judicious advertising, close attention to business and conducting it honestly and economically, close buying and discount of bills. All the employes are members and therefore look after the business the same as if it were their own establishment. Every item sold to members either for cash or credit is entered on the day-book and thence transferred to the ledger, which shows every three months the amount of goods bought and paid for in each department. Its progress appears from

the following comparison, but it should be added that the year 1887 ended Aug. 20, 1888, and so on, while the figures under 1890 are only for the nine months ended May 20, 1891:

	1887.	1888.	1889.	1890.	*Aver'ge †Total.
Capital stock	$2,007	$4,756	$9,620	$20,720	*$ 9,276
Net profits	355	753	909	1,917	† 3,934
No. of Members	80	120	152	228	* 145
Expenses	1,612	1,759	2,364	3,541	† 9,276
Gross sales	$14,105	$21,321	$30,384	$42,657	†$108,467

It is to be noted that the net profits are over thirty per cent on the average capital, while the economy of the management is shown by the fact that the expenses were only eight and one-half per cent on the sales, in a small city where goods have to be delivered to consumers.

The Quarterly Statement of the secretary, Eneas Cash, is very plain, though not as clear or as well made up as Arlington's balance sheet. The report is printed as an eight page pamphlet, including a list of the trading done by cash purchasers, and concludes with timely remarks from the secretary. We print in full the report for the fourteenth quarter ended Jan. 20, 1891, omitting only the members' list:

SECRETARY'S REPORT

Of the Financial Transactions of the Lyons Coöperative Association for the Quarter ending Jan. 20, 1891.

Mr. President and Fellow-Laborers.—For the fourteenth time I have the honor to present to you the quarterly report of the financial transactions of the Association, and as usual it is with pleasure I have to inform you that it has been fairly successful, as you will learn by the following summary of the business done by us:—

The Association had on hand at the close of the thirteenth quarter:

FORM OF QUARTERLY STATEMENT.

Merchandise in the grocery department		$ 3,909 49
Merchandise in the meat department		100 27
Merchandise in the clothing department		4,930 32
We bought during the quarter		
Merchandise for the grocery department	$ 8,960 90	
Merchandise for the meat department	2,315 44	
Merchandise for the clothing department	2,195 79	
	$	13,472 31
Total		22,412 21
We sold during the quarter		
Merchandise in the grocery department amounting to	$ 8,704 51	
Merchandise in the meat department amounting to	2,849 32	
Merchandise in the clothing department amounting to	3,256 78	
Total sales for the quarter	$14,810 61	
We had on hand on January 20th merchandise in grocery department	4,622 43	
Merchandise in meat department	266 67	
Merchandise in clothing department	4,521 17	
	$	24,220 88
Total gross profits on merchandise		1,808 67
We were allowed discounts on groceries amounting to	60 82	
Discounts on clothing	284 30	345 12
We received for rents of buildings		40 55
Total gross profits of		$2,194 34
We paid expenses of grocery department amounting to	$ 724 81	
We paid expenses of meat department	217 98	
" " clothing "	251 67	
Allowed for bad debts, grocery	67 31	
" " " meat	8 88	
" " " clothing	1 30	
Insurance, taxes, etc	42 25	
Paid interest on purchase real estate	200 00	
Amount placed to credit of stock depreciation fund for repairs to fixed stock, being 2½ per cent of gross profits	54 85	
Dividend for quarter ending Jan. 20th, 1891 being 2 per cent. [250.74] on capital and 6 per cent. [357.16] on paid purchases	607 90	
Balance, placed to credit of sinking fund	17 39	
		$2,194 34

The following statement will show you the assets and liabilities of the association on January 20, 1891, and from it you can learn all you desire or that is necessary to know of the financial standing of the association.:

BALANCE SHEET.

		Assets.	*Liabilities.*
Fixed stock		$ 1,260 98	
Real estate actual cost		5,675 99	
Cash held by treasurer	10 98		
Cash held by manager	1,350 52	1,361 50	
Book accounts, grocery	3,527 20		
Book accounts, clothing	458 59		
Book accounts, meat	262 29	4,248 08	
Merchandise, inventory grocery	4,622 43		
Merchandise, inventory clothing	4,521 17		
Merchandise, inventory meats	266 67	9,410 27	
Bills payable			$4,642 91
Stock depreciation fund			23 18
Cash on deposit			540 92
Sinking fund			266 38
Dividend for quarter			607 90
Capital balance			15,875 53
		$21,956 82	$21,956 82

Total paid-up capital		$15,875 53
" interest-bearing capital		12,537 21
" paid-up purchases for quarter		5,909 21
" dividend at 2 per cent. on interest-bearing capital and 6 per cent. on paid-up purchases amounts to		607 90
Membership October 20th, 1890		157
Members admitted during quarter		27
		184
Members withdrawn during quarter		4
Total membership January 20th, 1891		180

You will pardon me, I know, if I answer some of those who are trying to injure us, by showing you what profits the association has made since it has started in business and what those who have withdrawn from the association have received during the same time:

	Dividends Declared.	*Dividends Withdr'n.*
For quarter ending October 20, 1887	$ 12 27	
" " " January 20, 1888	59 50	
" " " April 20, "	120 56	65
" " " July 20, "	162 14	3 06
" " " October 20, "	195 76	4 91
" " " January 20, 1889	134 50	7 35
" " " April 20, "	150 57	14 00
" " " July 20, "	272 00	73 07
" " " October 20, "	276 72	45 48
" " " January 20, 1890	158 70	39 68
" " " April 20, "	196 92	58 18
" " " July 20, "	276 58	38 49
" " " October 20, "	608 92	69 00
" " " January 20, 1891	607 90	92 53
Total	$3,233 04	$446 40

If we consider our dividend in the light that stock companies or private enterprises do, namely, as profit on the capital invested, we can easily see that we have made a very profitable investment, for $607 dividend on $12,539 capital would be equal to four and eight-tenths per cent every three months, or over nineteen per cent per annum on the capital stock of the association. Do you want any better investment?

You can thus see that over one-eighth of our net profits has been paid out to shareholders who perhaps lent a too willing ear to persons whose interests lie in creating a want of confidence in this association. Seven-eighths of our shareholders have had confidence enough in their association to leave their dividend as capital. In my estimation those who determine to remain with us are the lucky ones, for in the end they will share in the increase in value of the property of the association, which, judging by recent sales of property near to us, is now worth double what we paid for it. Those who have left us have lost their share of any such increase.

There are many objections made to our methods of doing business which I would like to answer and which would not be either made or to be answered if each one of the members would study the principles of coöperation and, after being thoroughly satisfied of its merits and benefits, use all their endeavors to push the usefulness of the association by both their patronage and advocacy. Especially do our members want to learn that the association's stores are theirs to the extent of their capital and their purchases, and that every cent of profit made by the association is given to each in proportion to the amount of their purchases (bought and paid for) during the quarter. In other words, each one gets his goods at the cost of buying and distributing them. If a man has one hundred dollars capital in the association he owns one one-hundred-and-sixtieth of lands, houses

and goods and of everything that the association owns, and for every one hundred dollars more that he has his interests are increased by one one-hundred-and-sixtieth. He is a poor business man who will own a store himself, hire clerks, etc., and give his trade and the profits thereon to one of his competitors. Looking over the list of shareholders leads one to the belief that we have just such men among us. They put their capital in with us; we have clerks paid from the profits made with that capital, yet our clerks might stand idle while others live on the profits of the trade furnished by our shareholders to them.

To the vast majority of our shareholders, however, I have to extend the thanks of the management of the association for the trust, confidence and patronage given by them, and ask them to continue their noble endeavors. You will be called on to-night to elect three directors. Select the best men or women you can find. Select them for their fitness and ability to carry on the business successfully. Let your deliberations tend to the prosperity of the association, and going hence resolve that you will make Lyons coöperative association the greatest, strongest, grandest and best of the institutions of this fair city."

Further Insight into the workings of the Lyons association, and useful hints for all coöperators, will be found in the secretary's remarks for the thirteenth quarterly report: "From the foregoing you will learn that the shareholders of the association buy only about one-half the goods that are sold by the association; that we made a gross profit of fifteen per cent on all goods sold; that we sold goods as cheaply as our competitors did and that now by declaring an eight per cent dividend our shareholders have bought their merchandise eight per cent cheaper than they could have bought it anywhere else. If every shareholder had done their full duty by

the association and for their own best interests, they would have purchased all the goods they needed at their own store besides inducing all their friends to do the same. If they had done this our sales would have been increased fully $3,000 more with very little (if any) more expense, and at the same rate of profit we would have been enabled to declare a twelve per cent dividend instead of an eight per cent one.

"I do not like to find fault, but a great many of our shareholders cause the association considerable expense by calling for goods at unreasonable hours; by waiting with their orders till the rush succeeding the monthly pay day, and by being over-particular and exacting in purchasing and judging the goods they purchase. They are of the opinion, I presume, that as they are owners of the establishment their whims and fancies must be gratified. For instance: One man while a shareholder could not be pleased or satisfied with the goods sent him and withdrew his capital from the association. After a month or so he again began to buy regularly from us, and he is now as easily pleased as any one. Our shareholders ought to remember that the greater expense they cause the association the less their dividends must be. Therefore shareholders ought to see that two ideas are fully carried out: First, that all the trade they can command or persuade be given to the association, and secondly, that they cause the association as little expense as possible. These principles fully carried out, the greatest measure of success will be obtained.

"To carry on the business successfully a sufficiency of capital is necessary, and the association must look to its members to furnish it. They cannot expect to become millionaires from an investment of five or ten dollars. If we had enough capital we could start a dry goods department as well as many other lines. Every one has to purchase dry goods, etc., and our members might as

well be saving for themselves the profits now given to others on these articles. This association pays eight per cent on cash paid in on capital after the expenses of management and before any other deduction is made from the profits, and this dividend begins to accrue almost from the time the money is given to the association. Where can you find any savings institution that pays eight per cent interest on money or one that can furnish better security than is furnished by our association? It is therefore beneficial for any one to place his surplus earnings in as capital in the association, and its manager, having money enough to promptly pay for the goods he buys, will be enabled to make increased profits and will allow the association to pay larger dividends. We can make seven per cent within a day after you give us the capital by discounting the bills due for merchandise, and these profits go to swell your dividends. The security the association offers is a lot and block of buildings that cannot be bought or built for $6,000, a stock of merchandise worth at wholesale prices $8,900, horses, wagons, scales, etc., in good repair worth over $1,000, book accounts due the association and worth $3,500, cash on hand amounting to $1,533. Against these assets we owe $6,060, leaving a balance of $11,870 to furnish security to the most skeptical. Any business man would be willing to accept of such security at any time, and our experience has been that good business men, after thoroughly investigating our securities, have told us that we could obtain credit from them for any amount we needed.

"Remember that the coöperative store is your store. You are shareholders and should trade or buy at your own store. Remember that you are assured full weights and measures and that the article will be of the quality you buy; that you in the first place buy it as cheaply in general from the association as you can anywhere else

(if you buy cheaper you generally buy an inferior article or in smaller quantity), and secondly, besides getting large interest on your money you get a reduction on the cost of your goods of from three to eight per cent. This reduction you do not get if you buy elsewhere. Remember that you are building up an institution that in times of depression may be enabled to benefit its members by furnishing them employment, the profits from which will go to those who do the work, not to a favored few."

The Kind of Men.—The membership at Lyons embraces all sorts of people—foreign as well as native born. They were no more likely to work in harmony than a like number of workingmen of equal skill and intelligence in any town. The president for the past two years, S. A. Sleight, is a carpenter, born in Delaware County, N. Y., in 1835, who has followed his trade since he left the farm at twenty-one, save two years in the army. The treasurer from the start, J. G. Lollick, received a good common school education in Denmark, his native country, farmed it there until 1873, when he went into the Iowa lumber yards, and is now with a lumber firm. The secretary, whose painstaking reports are models of completeness and cleverness, is a native of Prince Edward Island, graduated at the Prince of Wales college there in 1869, and is now forty years old. He taught school for ten years, and in 1880 removed to Lyons, where he entered the employ of Gardiner, Batchelder & Welles, lumber manufacturers. He became superintendent of the shipping department the same year, and still holds the position. He has filled various city offices and has been secretary of the "Coöps" from the start by unanimous reëlection. Thomas H. Angell, the manager and buyer for the grocery department, is an Illinoisan, now in his twenty-eighth year, who was educated in the common schools of his native county, White-

side, farmed until he was twenty, then worked in a livery stable one year, and in 1882 entered the employ of the above named firm in Lyons and continued with them until he took charge of the association's affairs Aug. 12, 1887. The usually unprofitable (to coöperators) meat department has been very successful in this case through the management of Henry Maass, a thrifty and steady-going German thirty-four years old, who had had long experience in the business in Germany and also in Iowa. The clothing department is in charge of Charles H. Henle, twenty-seven years old, who was born in Lyons, attended St. Vincent's college, and spent ten years in two of the leading clothing houses in Lyons, so that he brought a thorough knowledge of the business to the "Coöps."

THE TRENTON COÖPERATIVE ASSOCIATION.

A Big Dividend Payer.—This "Coöp" enjoys the honor of paying the largest dividend upon purchases of any coöperative store in the country—twelve to fourteen per cent. Extremely careful management and cash dealings are the real reasons for the success, but the comparatively high retail prices current at Trenton, New Jersey, account for the abnormal size of the dividend. The store maintained full retail prices from the start. It was an outgrowth of labor disturbances early in 1885, and began business on May 5 of that year with ninety members holding one hundred and twenty shares of five dollars each, upon which one hundred and fifty dollars was actually paid in, the balance being collected at the rate of not less than fifty cents per week. Membership was open to all, and the by-laws are on the true Rochdale lines. Five per cent of the net profits go to the surplus, one and one-half per cent interest quarterly is paid on capital, and the balance is declared in divi-

dend on employes wages and on sales. Indeed, the precise objects of the society are:

First. To supply its members and others with articles for household and personal use that are unadulterated and of good quality.

Second. To buy such articles at wholesale, to sell the same for retail, and to divide the profits thus realized among its members and others in proportion as they have contributed to the production of said profit by their capital, labor or custom.

Third. To provide a safe and profitable investment for the capital saved, in small sums, by its members.

In thus sharing profits with Employes (who are also shareholders), Trenton surpasses Arlington, but it does not pay its help quite as large wages outright. Each member has but one vote, and "no member in arrears to this society on any account whatever, two days previous to any meeting, shall be entitled to vote." The president and treasurer, with eight others, constitute the directors; three successive absences from directors' meetings, without satisfactory cause, vacates the place of such absentee. All payments for goods are by bank check signed by the treasurer, and countersigned by the secretary and manager, and the officers can only borrow money when authorized by vote of the society. Otherwise the by-laws (also auditing and inventorying) are essentially like Arlington's, with some differences on important points, as follows:

Article III, Sec. 4. Any member of the board of directors, or other officer, who shall accept any other office or place of profit in this society shall first resign the one held by him before entering upon the duties of the new office to which he has been elected or appointed; this rule shall not apply to any officer who may be elected to represent the society in any wholesale coöperative society of which it may become a member. No member of the board of directors shall be interested in any contract with the society, excepting when he is a member of a firm or company which has entered into contract with or has done work for the society, in which case he shall not be present or vote when such contracts are being discussed or acted upon.

Art. III, Sec. 11. At the regular annual meeting in each year an auditing committee of three members shall be elected to serve, for one year, and until their successors are elected and qualify; no member shall be eligible to serve on the auditing committee who holds any other position of honor, trust or profit in the society; it shall have

power to employ experts at the expense of the society, if, in their judgment, this is necessary; it shall audit the accounts of the society quarterly, and if found correct, shall so certify on the books of account; it shall lay before each quarterly meeting a balance of the receipts and expenditures, also of the assets and liabilities of the society, together with a statement of the business of the society for the last quarter, and its then condition; it shall have power to call for and examine all books, papers and documents belonging to the society, and examine any officer, employe, member or other persons, as witnesses; the balance sheet shall bear its certificate of correctness. In case a vacancy occurs in the auditing committee, the board of directors shall have power to fill the vacancy until the next quarterly meeting of the society, and the meeting shall elect a person to fill the vacancy for the unexpired term.

Art. IV, Sec. 4. All share-certificates shall be transferable to persons approved by the board of directors; such approval to be given before the transfer can be made; the society reserves the right to purchase all shares where the approval of the board to transfer is not granted, at a price not to exceed the book value of said share or shares.

Sec. 6. A member being in distress may withdraw any withdrawable capital he may have in the society, at the discretion of the board of directors.

Sec. 7. Should the board of directors have more cash on hand than they can profitably invest, they shall have the power to reduce the number of shares by retiring, at par value, a sufficient number from those members who hold the largest amount; members may allow their surplus cash to remain in the funds of the society, but shall not receive interest thereon.

The Members are mostly men who work in the potteries or the factories, of all nationalities, Scotch, English, Americans and Germans being represented in the present board of directors. The officers are all under bonds. The secretary, Benjamin Holland, who is the bookkeeper and accountant, was formerly a member of the Tunstall (England) coöperative society, but while informed as to coöperation had had no practical experience in it; he was a bookkeeper. The manager of the stores, Frank Glenn, a bright American, had been working in a grocery store when he accepted this place.

How It Grew.—The store met the usual opposition from grocers and dealers. Its worst fight came when it embarked in the coal business, as the retailers would not admit it to the combination. However, the "Coöp" found it easy to buy coal as cheaply as any one since it

had the cash to pay for coal, while it maintained full retail prices. The sales of coal and wood the first three months (Sept. 26 to Dec. 31, 1890) were $3,295, which showed a gross profit of $1,066 (thirty-three per cent) and

FIG. 9. THOS. H. ANGELL, MANAGER OF THE LYONS COÖPERATIVE ASSOCIATION.

a net profit of $614, or over seventeen per cent, which was divided in the usual way. Such profits were a revelation, and naturally the quarterly report is the only advertising the store requires. It is only a question of time when the "Coöp" will absorb the bulk of the cash

retail trade at Trenton, as is already proving the case at Lawrence.

The store had five hundred and sixty members July 1, 1891, the total number of members registered from the start being nine hundred and twenty-seven. About two-thirds of the trade is to members, the rest to non-members, who get only half the usual dividend. Monthly meetings of both members and directors are held, to which a financial statement is submitted. At every third meeting the quarterly statement is presented. As usual with the most successful stores, the attendance of members at these meetings is light, there being only from twenty to fifty persons present. The society owns its main store, which has two halls above that are rented. It also owns its stables. This property is to-day worth over $20,000, though it cost with improvements only $16,500, and stands on the books at $14,485, nearly $4,000 having been charged off to depreciation account. Two and one-half per cent is also charged off quarterly for the depreciation of fixtures. The society employs two order wagons and three delivery wagons, one manager, one secretary, two butchers, seven grocery clerks, one hostler and one coal clerk. The same system of trading with outside stores that is practiced by the Arlington society is followed.

The Business is Practically all Cash.—The cashier or bookkeeper recognizes only cash transactions. If any credit is given, it is done on the responsibility of the store manager, and a record of it kept in the manager's book on the counter. Credit is never given in excess of a member's holdings of capital, which is made liable for debts. A somewhat different system of store management than at Arlington is used. The member gets an itemized receipted bill for his purchases instead of the usual check. A duplicate of this receipt is handed in to the cashier, who writes up the same in the mem-

ber's pass-book and also under the member's account in the ledger. The member can thus audit his own account, having the vouchers to compare with his pass-book. Non-members receive the ordinary check, as no accounts are kept with them. Each member thus has also a means of insuring the honesty of both the store clerks and the bookkeeper. The manager of the store has nothing to do with the cashier or bookkeeper except to make his own cash and sales correspond with the slips turned into the office. What little credit is allowed is always paid up in full before the quarterly report is finally closed.

The dividends are paid in cash to members. They actually handle the money, and this gives them more confidence in the store than if the "divy" was simply passed to their credit on the books. By this method, however, the members do not accumulate as much capital as they otherwise would. They are, of course, invited to invest their dividend in more shares, but the increase of capital has only been gradual. When asked why they did not reduce their dividend and use part of their profits to pay off their mortgage, Secretary Holland replied that they didn't need to, since they only had to pay six per cent interest on the money, and it was as cheap to have the capital in that form as in shares. We differ emphatically from this reasoning, however, and regard this as the weakest point in the Trenton society, which borrowed $2,000 more this spring for further purchases of real estate. Nevertheless, it will be noted that reserves, including reserve and educational fund, amount to $5,225, in which the society is in the habit of figuring the amount allowed for depreciation on real estate, which swells the total reserve to over $9,000, or seventy-five per cent of the share capital. The remarkably good management and steady progress of the Trenton society is shown by the following annual comparison:

Year of Business	1885.	1886.	1887.	1888.	1889.	1890.
Capital at close of year	$ 2,430	$ 5,787	$ 8,844	$ 9,201	$ 9,823	$11,745
Total sales	15,210	49,958	93,592	97,520	84,527	90,440
Gross profits	3,394	11,753	22,952	22,882	20,757	23,488
Expenses	2,174	5,100	7,643	8,385	7,880	8,590
Net profits	1,220	6,653	15,309	14,497	12,877	14,898
Per cent expenses to sales	14.2	10.2	8.1	8.6	9.3	9.5
Per cent profits to capital	51	115	173	157	131	127
Per cent dividends	8	14	15	13	14	14

The total sales for the six years are $431,247; total profits, $65,454, of which within a fraction of $60,000 have been paid back to customers in dividends and interest, and the balance placed to reserve account. The dividends have averaged thirteen per cent and interest six per cent, a return equal to one hundred and twenty-six per cent per annum on the share capital reported at the close of the year. The expenses averaged nine and nine-tenths (practically ten) per cent on the sales.

A Still Better View of the business will be gained from the following annual statement for the year ended Dec. 31, 1890:

SIXTH ANNUAL STATEMENT OF THE

TRENTON COÖPERATIVE ASSOCIATION.

GENERAL STATEMENT.

Assets.		*Liabilities.*	
Inventory of groceries and provisions Jan. 1, 1891.		Share capital	$11,744 87
Main store	$6,015 16	Dividend and interest (due Jan. 1)	3,419 65
Branch store	904 50	Reserve fund	3,584 03
	$6,919 66	Educational fund	1,640 55
Less ten per cent	691 96	Land fund (amt. depreciation)	3,931 53
Net inventories	6,227 70	Mortgage	5,000 00
Fixture account	4,436 79	Balance undivided	118 69
Real estate (less depreciation)	14,485 38		
Cash account	1,000 00		
Cash balance	3,289 45		
Total assets	$29,439 32	Total liabilities	$29,439 32

CASH ACCOUNT.

Receipts.		*Expenditure.*		
Cash balance, Jan. 1, 1890.	$4,757 75	Mdse. purchased		$65,424 23
Cash on sales	87,145 37	Salaries paid (Exp. 10½ % off in sales)	..	6,692 25
Entrance fees	22 75	Expense account (Exp. 10½ % off in sales)	..	1,860 18
Rent from halls	521 78	Fixture and organization (Exp. 10½ % off in sales)	..	1,605 41
Horse board, etc	250 35	Dividend and interest acct. (Exp. 10½ % off in sales)	..	12,036 42
Fixtures sold	50 00	Shares withdrawn		2,662 65
Cash on shares	4,584 37	Coal account		1,000 00
		Real estate account		1,761 78
		Mortgage account		1,000 00
		Cash balance Jan. 1, 1891	..	3,289 45
Total receipts	$97,332 37	Total		$97,332 37

SHARE CAPITAL.

Receipts.		*Expenditure.*	
Balance Jan. 1, 1890	$9,823 15	Withdrawn	$2,662 65
Received since	4,584 37	Balance	11,744 87
Total	$14,407 52	Total	$14,407 52

MERCHANDISE ACCOUNT.

Groceries and provisions on hand Jan. 1, 1891	$6,919 66	Groceries and provisions on hand Jan. 1, 1890	$6,140 23
Less ten per cent.	691 96	Less ten per cent.	614 02
	6,227 70		5,526 21
Cash on sales	87,145 37	Purchased since	65,424 23
		Gross profits	22,422 63
Total	$93,373 07	Total	$93,373 07

DISPOSAL OF GROSS PROFITS.

Gross profits	$22,422 63	Salary account	$6,692 25
		Expense account	1,448 15
		Net profits	14,282 23
Total	$22,422 63	Total	$22,422 63

DISPOSAL OF NET PROFITS.

Undivided Jan. 4, 1890	$130 95	Reserve fund	$747 48
Net profits for year 1890	14,282 23	Educational fund	355 05
		Dividend and interest	12,276 86
		Appropriat'n to land fund	915 10
		Balance undivided Jan. 1, 1891	118 69
Total net profits	$14,413 18	Total	$14,413 18

We, the auditors, have examined the books of the society, and certify that they correspond with the foregoing statement:

THOMAS MASON,
CHARLES H. SIMMERMAN,
CHARLES GEBERT.

Jan. 16, 1891.

The quarterly statement of the Trenton is explicit, businesslike and accurate. It is made up in the same

form as the above, and therefore need not be repeated. The only difference is that the disposal of net profits is described more in detail. Thus, for the twenty-fourth quarter, ended March 31, 1891, the sales were $22,099, the gross profits $5,432 and the net profits $3,484. The latter were divided as follows: Five per cent to the reserve fund, $180; two and one-half per cent to the educational fund, $86; one and one-half per cent interest on shares, $170; twelve per cent dividend on members' trade of $19,732, $2,368; twelve per cent dividend on salaries, $219; six per cent dividend to non-members, $131; appropriation to land fund [allowed for depreciation], $302; balance undivided, $135.

THE ALLEGAN ASSOCIATION.

A Substantial Success.—The Coöperative Association of the Patrons of Husbandry of Allegan County, Michigan, was started in 1875, at Allegan, the county seat. This section of the southwestern part of the State is within the Michigan fruit belt. Allegan itself is the center of a rich farming and lumbering region, the place having some 2,700 population devoted to manufactures and agriculture. The association therefore had about the environment that will be the lot of most coöperative efforts in rural or farming communities. It does quite a business in shipping to city markets produce for the farmers and selling it on commission.

At first each family in the fifteen granges in the county made out a list of the goods it wanted for the next thirty days, which was handed to the grange secretary, with the money for the same, and forwarded to a central purchasing agent (A. Stegeman, then as now the prime mover in the matter), by whom the orders were bulked, the goods bought to the best advantage and delivered within ten days. But people found it difficult to order ahead, goods had to be kept in stock, so

the concern was incorporated with the above title in April, 1876, with $5,000, to which Mr. Stegeman added, as a loan, nearly a like amount.

Not the Rochdale System.—Goods were and are still sold at cost, with four per cent added to each item of purchases in the members' pass book, thus:

Name,	Goods Bought	Four Per Cent	Total Price
James Foster	$15.50	.62	$16.12

The four per cent and the discount on goods bought on time but paid for in cash, with the earnings on sales of fruit and produce for farmers, are the main sources of income with which to pay expenses and accumulate profits. Persons not members of the Grange can buy a permit to trade at the store for three dollars for a year or one dollar for three months. For the first four years the profits warranted paying ten per cent interest on the capital, but this was regarded as usury and not coöperation and the manager insisted upon reducing it to six per cent, which was agreed to after a heated controversy. Membership is confined to the order of Patrons of Husbandry, and the shares (five dollars) are transferable to Patrons. The members in each grange who hold shares to the amount of two hundred dollars are entitled to one director, each shareholder having one vote and also another vote for each additional fifty shares owned. The shares are withdrawable upon due notice, but usually such notice is not insisted upon. Consequently the membership varies, having been as high as 527, but in April, 1891, was 396. The capital stock has been as high as $40,000, while in the spring of 1891 it was but little over one half that. The association also receives money on deposit, payable on demand, upon which five per cent interest per year is paid. Such deposits are often as large as the capital stock of the association, so great is the public confidence in it, and are withdrawn only when actually needed.

Tried by Fire.—The coöperative store was burned at a total loss of $50,000 (no insurance) worth of goods in the destructive fire that visited Allegan at noon on March 14, 1884. Some $8,000 or $10,000 worth or stock was saved. But the "Coöps" were not disheartened. By eight o'clock the next morning their store was reopened for business in temporary quarters, the sales that day being over $400. The store sells for cash only, except that it handles a great deal of fruit and produce for its farmer members, the buyers of which in the cities are usually allowed thirty days' time. The records were all burned in the fire, but since 1884, may be thus summarized:

	Total Sales.	*Gross Income.*	*Expenses and Int.*	*Bal. for Sink. fund*
1884, 9 months	$123,551	$6,067	$4,181	$1,886
1885	161,292	8,060	7,191	869
1886	159,701	8,000	7,279	721
1887	165,384	8,590	7,886	705
1888	159,736	8,381	8,069	312
1889	160,054	8,786	8,195	592
1890	192,827	11,189	9,331	1,858
Total	1,122,545	59,073	52,132	6,943
Average	$160,363	$8,439	$7,447	992

The full annual statement shows a gain of from $2,000 to $5,000 per year in net assets or stock on hand, in addition to the balance averaging nearly $1,000 a year added to the sinking fund. The fund thus accumulated since the fire amounts to nearly $20,000. No interest is paid on this fund, which is working capital free of cost. The deposits at five per cent also make cheap capital. This keeps down the gross sums paid in interest on the regular capital stock, which has varied from $30,000 to $20,000, and gives the association money enough to transact a big business.

The Light Expenses Explained.—A sample of the monthly statements required by the by-laws to be made by the manager to the directors partly explains the secret of such small expenses. It is as follows: "Statement for May, 1890—Amount of sales, $14,782.-

99; percentage on same at 4 per cent, $613.84; cash discounts on bills rendered for goods bought, $400; boxes and crates sold, etc., $22.78; total income, $1,036.-62; expenses, $695.57; surplus to balance, $341.06. The expenses were: Sixty-five gallons of oil, $6.82; washing, 75 cents; rent, $100; postal cards, $1.00;

FIG. 10. NEW STORE OF THE ALLEGAN COUNTY COÖPERATORS.

envelopes, $21.80; extra help, $10.20; five weeks' wages of regular employes—Atkins $75, Stein $50, Tobin $45, Colloff $50, Bom $40, Robinson $35, Vinda $35, Dora $35, Mrs. Stegeman $90, A. Stegeman $100; total expenses, $695.57." This total is just 4.7 per cent on the sales for the month, or if the proportionate amount of interest on capital were added the expense would be 5.4

per cent on sales. The month is certainly a fair sample of the business as will be seen by comparing it with the seven years' average. It is assumed that freight, cartage, telegrams, express, etc., are paid for by adding to the actual cost of goods an amount sufficient to cover these items. Thus the four per cent commission is net for the actual operating expenses included in the statement for May. The savings in not having to deliver goods to customers, and by doing a big business for cash only, are also large.

The Lessons of this Success.—The personal experience and suggestions of the man who has accomplished such results are valuable. Especially is this true in a State where the Allegan "Coöp" is the sole survivor of twenty-eight so-called coöperative stores started about the same time during the period of fervent but uneducated Grange enthusiasm. Moreover, it is to be noted that this store aimed to effect its savings by giving lower prices, instead of following the Rochdale system of charging full retail values and dividing profits in rebates to purchasers. Prices have not been cut to an extreme, as is shown by the gain in inventory and surplus. Mr. Stegeman writes:

"Starting out as we did, by differing from all other corporations in selling goods at cost, we antagonized every one in business. The general public is not aware that in mercantile business certain standard goods that the people know the price of are sold as leaders at but a trifle above cost, while others, the value of which people cannot tell anything about, are sold at thirty-three to two hundred per cent profit. These facts were, of course, revealed by our system of selling goods at cost, causing the public to accuse the other dealers, so that the feeling that was aroused against the grangers, and especially against the manager of their store, can be readily imagined. No stone was left unturned to break

up the association's business, bribery and threats being alike without avail. The other merchants united to break our standing and credit and tried to prevent wholesalers from dealing with us. After our store was burned out, knowing that I had personally lost my all, a party offered me the use of $30,000 to go into business on my own account if I would agree not to run a grange store. All such offers were declined, the other efforts of the opposition were ignored, and the coöperative store went right on with its work.

Just How the Store is Managed.—"As to the actual running of the store, we have never advertised or asked people to come and trade with us. We do not allow 'shopping.' If a person wishes to buy, our help will serve him; but, if he simply wants to see what we have and get our prices, we have no use for him. For instance, a party wanted the price of some tools to see where he could do best. I said: 'Go and get all the prices you can; bring them to me, and if I cannot save you money I will advise you to buy where it will serve your interests best, but I can't give you prices to take elsewhere and sell us out.' He claimed that he was a shareholder: it was my business to post him. The result was that I told him to bring his pass book and draw out his money. There is not a mercantile concern in this section that would not have sold him for less than cost under such circumstances, in order to make him dissatisfied with the coöperative store and undermine its efforts.

A Stiff Back Bone Needed.—"It will not do to allow any Judas to remain. As the association has always been able to meet any emergency, it has held the supremacy over all fault-finding or dissatisfied elements. They knew that if they found fault without cause they would be requested to leave and informed that they were not worthy to have the benefits of our system. Indi-

rectly, however, the general public have profited in two ways by the coöperative stores: First, goods are sold by other merchants cheaper than in any other place in the State, on account of our being here; second, by getting their friends to come in here and buy for them. Still, this policy has a wholesome effect on others, and since we sell to shareholders and those who are not members at the same prices there has not been a great demand for the shares.

"Some complain that they don't want to take any shares because they only pay six per cent—not as much as they could get elsewhere, or as they pay on the mortgage on their farms. To this I answer: 'You believe in this coöperative effort. Do you know that it has done a great deal for you and the people in this part of the State? If so, are you not willing to help sustain a good effort, even though your neighbor is small enough to accept its benefits without helping to furnish the capital whereby these benefits are made possible? Would you like to stand in his place and play his unworthy part? What kind of a man would it be that you saw as you looked in the glass?' This reasoning will usually settle the matter with the ordinary fair-minded person.

"**Among the Strong Points** of our success at the start was my ability to buy goods and do business in my own name in the interest of the order when the best markets were closed against all coöperators. Another strong point is that the business has been conducted as though no one had anything to say about it except the manager. The stockholders, directors and executive committee have always had all the latitude they wanted and made all the rules they wished. Then I have always done what I thought was the right thing, whereas if I had always done as the stockholders directed the association would not now be doing business. I know of no mistakes that we have made unless it was in ever having

started ; for, in the sixteen years in which this store has been conducted, I have yet to find the third person in whom the real idea of genuine coöperation has taken root. Even all the benefits received from a coöperative effort are used competitively and mostly as such by the people. So long as this is the case, so long will coöpera-

FIG. 11. A. STEGEMAN, MANAGER ALLEGAN ASSOCIATION.

tion be only a name. The average man comprehends 'combine' but does not understand coöperation."

One Useful Lesson.—We venture to suggest, however, that the failure of the coöperative idea to take root in Allegan county has been partly due to the fact that the shareholders and local public left the business very largely to one man. This gave him so much to do

that it was impossible for him to become a center of education in the principles of coöperation. Had the shareholders and patrons of the store held frequent meetings, set aside a small percentage of their surplus for literature or lectures on the subject, the result might have been different. There is a screw loose somewhere when at the end of sixteen years' success the fear is expressed that the coöperative store might fail under other management. It illustrates the folly of one-man power exclusively. It emphasizes also the great importance of educating coöperators and training certain members so as to take any place in the management that may suddenly become vacant. The Arlington coöperators look after this point very carefully.

Comparison with the Rochdale Plan.—In conclusion Mr. Stegeman makes the following arguments in favor of his management (which is simply a close imitation of the Civil Service system of London) in contrast to the regulation Rochdale system: "One cause of failure with institutions of this kind is the want of an able and experienced head to manage it, to meet competition, to reach the best markets and to get prices that cannot be beaten. At the same time he must be willing to take all the kicks and curses from those inside as well as from those outside; willing to be accused of all manner of wrong doings by those whom he has helped, and still, for the sake of principle and the needs of the people, keep right on regardless of all that is said and done.

"Another reason for failure is the attempt to undersell other stores a little, just to get all the trade they can. Other stores waste a great deal of valuable time on customers who are really hunting for prices or looking at goods without intending to buy. Then they make a mistake at the end of the first six months or year in trying to pay a dividend to stockholders that will satisfy them and another to customers.

"This manner of conducting the business is very expensive and seldom meets the acceptation of those interested. The question is at once raised: 'I wonder if things are all right?' The opposition will not fail to improve such opportunities to sow all the seeds of discord it can find ground for. The result is that after a little while people say, 'O, there is nothing in this coöperation, I can buy just as cheap or cheaper at the other stores. The fellows who run the coöperative store are getting rich and our profits don't amount to anything. I am going to get my money out before the thing goes down,' etc., etc. Then the end is sure to come, being only a question of time."

One can but reflect, however, that this association would be on a far more enduring basis had its able manager conducted it on true Rochdale lines. Its patrons, too, would now have handsome savings to their credit, whereas most of them probably have little to show for the money saved by purchasing at reduced prices. This is the weakness of the Civil Service system, while in the opposite lies Rochdale's strength.

THE JOHNSON COUNTY COÖPERATIVE ASSOCIATION.

The Most Notable Success in coöperation in Kansas is the above association, located at Olathe. It was organized June 14, 1876, at the height of the wave of enthusiasm for coöperation created by the Patrons of Husbandry. Unlike most efforts of the kind, the prime mover in this society was a man thoroughly imbued with the true principles of coöperation, and who was also experienced in business matters as well as in farming—W. H. Toothaker, then master of the Kansas State grange, who was president of the association for nearly ten years. He was succeeded in the management by H. C. Livermore, who is still retained. These coöperators also operate the Patrons' coöperative bank at the

same place, which is described in the chapter on that subject.

From the outset the Rochdale plan was followed in its purity, including actual cash transactions to the fullest possible extent. Credit was allowed not to exceed thirty dollars, and never in excess of the member's share capital, against which such credit was a lien. The only exception was on the sales of farm machinery, for which when necessary negotiable short-time notes are taken from those in whose credit the management has perfect confidence. The by-laws are printed in full in the Appendix. The store was opened July 27, 1876, with $800 of cash capital paid in by the 60 members, which has since grown to $100,000 held by 700 members. From the start full retail prices were maintained with very little cutting, and the same price was charged to all customers. Purchases were kept account of by issuing metallic checks to purchasers at the time purchases are paid for. These checks are in denominations of five, ten, twenty-five and fifty cents, and one, two, five and twenty-five dollars. The dividend is based on the five and twenty-five dollar check issued during the quarter.

The Progress of the Concern is best shown by the following table:

Questions Nos. 4 and 5.	*Capital.*	*Sales.*	*Profits less Interest & Expense.*
July 27, 1876 to July 1, 1877,	$ 800.00	$ 41,598.86	$ 1,351.49
July 1, 1877 to July 1, 1878,		69,177.32	2,149.69
July 1, 1878 to July 1. 1879,		99,848.85	4,846.84
July 1, 1879 to July 1, 1880,		158,421.54	10,775.54
July 1, 1880 to July 1, 1881,		189,177.84	11,402.60
July 1, 1881 to July 1, 1882,		243,100.88	14,847.85
July 1, 1882 to July 1, 1883,		266,040.15	18,006.21
July 1, 1883 to July 1, 1884,		266,299.52	15,305.12
July 1, 1884 to July 1, 1885,		252,995.78	11,683.21
July 1, 1885 to July 1, 1886,		210,654.81	10,438.41
July 1, 1886 to July 1, 1887,		196,331.55	9,313.56
July 1, 1887 to July 1, 1888,		232,501.94	12,702.59
July 1, 1888 to July 1, 1889,		246,016.01	13,807.33
July 1, 1889 to July 1, 1890,	84,191.31	228,485.69	12,444.77
July 1, 1890 to July 1, 1891.	105,258.68	268,057.72	15,722.48
Total,		2,968,808.46	175,601.35

It will be seen that progress has been steady, notwithstanding the recent agricultural depression which accounts for the partial falling off in business. The dividends have ranged from six to ten per cent on the cash sales, averaging six per cent for the whole fifteen years, besides which a large surplus has been accumulated. The sinking fund is $29,000. The association has a stock of goods valued at $60,000, has six branches in other towns in the county, and is about to start the seventh. There are three branch stores in the county covering a stock of goods of about $7,000 each—Edgerton, Stanley and Gardner. The sales in fifteen years have been three million dollars and now average nearly $1000 a day.

The Great Building and Trade.—Whereas the main store occupied only a small rented room at first, it now owns the magnificent building elsewhere illustrated, which was built and equipped at a cost of $50,000. It is three stories high, 118x120 feet. The business requires all the four stores on the first floor,—one for hardware and agricultural implements, another for groceries and meats, both fresh and salted, a third for gentlemen's furnishing goods, both custom-made and in the cloth, and the fourth the ladies' furnishing department. In the second story some offices are rented. There is also storage room for goods and the printing and publishing office of the Kansas *Patron*, the official organ of the State grange, which is owned and published by the association. To its editor, George Black, we are indebted for much information, who states that the association owns all the real estate in which it does business. Seventeen clerks are employed at the main store in Olathe, and seven more at the branches, who are paid from $30 per month to $700 per year. The general manager is paid $200 a month and the cashier $1,000 per year, the directors getting two dollars a day when in

session. The store also purchases for cash all saleable produce purchased by farmers, leaving them free to buy their supplies where they wish. The benefits of the store are confined to Patrons of Husbandry strictly. It should be noted that the increase in capital and surplus and the real estate and buildings owned by the association have been largely accumulated from its earnings. The quarterly report is not as complete as those published by many other societies. For the four quarters, from July 1, 1890, to July 1, 1891, the reports may be summarized as follows, each report being duly certified to by the auditors and invoicers:

QUARTERLY STATEMENT FOR YEAR ENDED JULY 1, 1891.

No. of quarter	58th.	59th.	60th.
Capital stock	$ 59,791.28	$ 64,820,20	$ 77,335,91
Surplus fund	26,242,10	27,922.77	27,922.77
Total capital	$ 86,033.38	$ 92,742.97	$105,258.68

AVERAGE DAILY SALES.		MONTHLY SALES.	
July, 1890	$ 798.11	July, 1890	$ 21,549.14
August	847.82	August	22,043.34
September	1042.53	September	27,105.99
October	903.06	October	24,382.65
November	882.02	November	22,050.62
December	906.19	December	24,467.15
January, 1891	642.55	January, 1891	17,349.00
February	686.18	February	16,468.49
March	693.40	March	18,028.56
April	886.49	April	23,048.84
May	912.09	May	23,714.55
June	1,617.15	June	27,849.39
Average	$ 901.46	Total	$268,057.72

PROFITS

For the First Half Year—July to January.

Profits on sales, 57th quarter		$ 8,194.79
Profits on sales, 58th quarter		10,531.06
Total		$18,725.85
Interest on money invested	$3,513.40	
Clerk hire, insurance, etc., 57th quarter	3,693.46	
Clerk hire, insurance, etc., 58th quarter	4,786.28	
Total expenses		$12,003.14
Net profits		$ 6,722.71
Carried to surplus		1,680.67
Net dividends		$ 5,042.04

For the Second Half Year—January to July.

Profits on sales, 59th quarter		$ 8,273.81
Profits on sales, 60th quarter		9,849.07
Total		$18,122.88
Interest on money invested	$3,746.50	
Clerk hire, etc., 59th quarter	4,297.86	
Clerk hire, insurance, taxes, etc., 60th quarter	5,159.70	
Total expenses		$13,204.06
Net dividends		$ 4,918.82

DIVIDENDS PAID TO PURCHASERS.

No of quarter	57th.	58th.	59th.	60th.
To shareholders, per cent	8.2	9.0	11.0	9½
To non-members, per cent	4.1	4.5	5.5	4¾

How the Farmers Have Prospered.—We regret not having been able to visit this institution, but Edwin Snyder, in a paper before the Kansas Board of Agriculture, speaks of its effect upon the members as follows:

"In my travels among the farmers I have not met a community where there was so much evidence of thrift, intelligence and enterprise, as among the members of the Johnson County Coöperative Association. The habits of thrift, economy, foresight and calculation, which the successful conduct of a coöperative store involves and requires, cannot fail to be of signal advantage to its members. If this association has $150,000, which it jointly owns, doubtless the members have individually, outside the company, more property than they would have had in the absence of this enterprise. This single concern has increased the wealth of the State $150,000, and at the same time assigned this wealth to a worthy and deserving class of people."

A recent visitor remarks: "I confess that I was surprised at the amount of business done by this institution. Never, in any other town of 3,500 inhabitants, have I witnessed so complete a system of trade. Everything was in perfect order, and everybody, from clerk to manager, was busily employed, and the constant click and whirr of the cash carriers was convincing proof, even

FIG. 12. CENTRAL STORE, JOHNSON COUNTY COÖPERATIVE ASSOCIATION.

This magnificent building is owned and occupied by the Association, which operates branch stores in other parts of the county.

though one was blind and could not see the throng of customers, that an enormous amount of business was being transacted. Most of the employes are farmers' sons and daughters, who were taken from the farm and given employment as the business of the association increased or demanded extra help. That this coöperative enterprise is a credit to the energy and intelligence of the members of the grange in Johnson county, no one who visits it can for a moment doubt. These 700 grangers are to-day worth $150,000 more than they would have been had they never undertaken this coöperative work. Yet by it no one has been wronged in the least, just as many people have been given employment, and the profits of trade have been fairly divided among those who made it."

The Manager's Advice.—Mr. H. C. Livermore, the manager, is a clear-headed, thorough man of business. Aside from the best business management, which it is evident has prevailed, Mr. Livermore attributes success first, to the willingness on the part of the shareholders to work for the best interests of the association rather than for their personal advancement; second, the doing of business for cash,—doing a small business on this basis rather than a large trade on credit; third, the accumulation of a large reserve fund to guard against losses and keep the stock at its par value. He also advocates an inventory at least once in six months, but in his own business makes quarterly accountings.

Mr. Livermore further suggests that sixty shareholders are enough to start with. They should be men who will work for the general good of the society,—not political tricksters with axes to grind, not dishonest men, not men who do not get along peaceably with their neighbors, or who have a disposition to rule or ruin. He also warns against shareholders "who think they know it all and only know but little, who will not peaceably

abide by the will of the majority, who will not trade with the society and encourage others to trade with it."

THE TEXAS COÖPERATIVE ASSOCIATION.

This Conspicuously Successful Society confines its membership and benefits wholly to Patrons of Husbandry. It was chartered July 5, 1878, with an authorized capital of $100,000, of which only $250 was paid in. Its by-laws appear in the Appendix, from which it will be noted that subordinate granges or individual members of the order can hold shares. According to the 12th annual report, the concern had a capital stock of $80,945 on June 30, 1890. Of this amount $39,325 was held by 478 individuals, $39,140 by 129 local coöperative associations, and $2,480 by 102 subordinate or local granges, making 709 shareholders in all. The whole business is thus owned and operated by the farmers. Only about $12,000 of the present capital stock represents new cash actually paid in. The rest was earned in the business and stock issued for it in place of dividends. In addition to this accumulated capital from earnings, the association has paid back to the farmers over $200,000 in dividends on purchases and interest on capital. The T. C. A. has also sold goods much cheaper than other merchants, so much so that at first it had the whole commercial world to fight with their organized system. The society occupies the handsome warehouse at Galveston illustrated in Fig. 13, and has an agency in New York city. The by-laws provide that in dividing the profits shareholders shall be paid ten per cent interest on paid-up stock; a portion of the earnings may be set aside to increase the capital, and the remainder is divided among shareholders and Patrons of Husbandry not shareholders, the former receiving full and the latter half dividends. The profits derived from the business of Patrons not shareholders, and by those who

are not members of the grange, are styled an accumulative fund, which is divided yearly among the shareholders in the shape of new stock. About one-twentieth of the total business is of this kind.

Progress and Profits.—President A. J. Rose states that this accumulative profit has for twelve years averaged six per cent on the capital. The trade profit or dividend has ranged from one and one-fourth to four and one-half per cent. It would have been much larger had the association maintained the usual prices. Ten per cent interest has also been paid on capital. "In addition to these immediate financial benefits, many a seventy-cent boy has received in the central or local stores a good practical business education that enables him to get $1,000 to $1,500 salary, and thousands of Patrons have learned business methods and business habits that they would not part with." The share capital is withdrawn only after it has been invested at least five years, according to a vote taken in 1886. Since that date the capital has nearly doubled, showing that the non-withdrawal feature is a popular one. The net increase in capital, the fund available for dividends on purchases, and the number of shareholders thus compare :

Year.	*Paid Capital.*	*Dividend Fund.*	*Shareholders.*
1879	$ 250		
1880	1,180	$ 1,385	
1881	3,348	8,632	
1882	14,000	12,655	
1883	20,000	20,542	
1884	27,500	17,349	
1885	32,670	11,644	473
1886	39,730	19,694	497
1887	51,715	19,861	620
1890	80,945	14,798	709

How the Business is Done.—Besides the savings on goods sold, the T. C. A. has been a great boon to Texas farmers in that it has handled their cotton for a commission of twenty-five cents per bale, instead of the

one dollar and a quarter which was the brokers' regular charge. Out of this reduced commission the association returns ten to fifteen cents per bale as a dividend or rebate on cotton handled for its members. The annual statement shows that credit enters largely into the business, though an iron-clad rule adopted at the twelfth annual meeting compels all sales to be settled for within thirty or ninety days according to custom. The following comparison of the annual statements for the years ended Jan. 30, 1887, and 1890, are of interest and value. It reveals a growing tendency to credit that must be corrected, or it will cause trouble. Strenuous efforts are being made to correct this weakness.

COMPARATIVE STATEMENT TEXAS COÖPERATIVE ASSOCIATION.

Assets.			*Liabilities.*		
	1890.	1887.		1890.	1870.
Cash	$ 5,074.67	$ 2,868.40	Capital stock	$81,005.00	$51,715.00
Bill receivable	63,495.03	29,847.38	Bills payable	64,641.07	5,000.00
Accounts due	50,224.64	35,292.65	Acc'ts payable	31,679.28	39,742.20
Merchandise	85,692.36	51,242.38	Div'nd undrawn	2,447.48	2,572.06
Real estate	2,178.15		Reserve funds	4,374.88	
			Fire Ins. debt	7,719.46	1,907.49
			Net profits	14,797.68	20,221.55
Total	$206,664.45	119,250.81	Total	206,664.45	119,280.81

Receipts.			*Expenditures.*		
	1890.	1887.		1890.	1387.
Profits on Mer.	$30.773.38	$29,559.34	Gen'r'l expenses	$14,828.37	$17,641.44
Com. on cotton	2,102.10	4,858.10	Lecturing exp.	1,427.50	
Profit and loss		729.49	Profit and loss	1,821.93	
Interest		1,561.43	Bal. net profit	14,797.68	20,221.55
Sundry commis.		1,154.63			
Total	32,875.48	37,862.99	Total	32,875.48	37,862.99

General Remarks.—Each of the one hundred and twenty-nine local coöperative stores or societies connected with the state association does its own local business and reaps its own profits. Many of these, however, have not been very successful, and the number has dwindled of late years, owing to the credit system. While the T. C. A.'s sales amount to over $300,000 a year, the

total sales of the local "Coöps" are probably five times as much. Each local society is represented at the annual meeting of the T. C. A., at which the officers and seven out of thirteen directors are chosen. The directors elect the business manager, who receives a salary of $250 a month, and gives a bond of $50,000. The secretary and

FIG. 13. STORES AND WAREHOUSE OF THE TEXAS ASSOCIATION.

treasurer are also under bonds. J. S. Rogers, the manager, has always been manager, and has always counseled sound coöperative principles in contradistinction to some of the grander but, as events proved, more chimerical schemes of the Texas Farmers' Alliance. The T. C. A. also operates a mutual fire insurance company, the benefits of which are confined to Patrons. Started Sept. 15, 1885, with no capital, the insurance department had a

cash balance of nearly $8,000 on hand June 30, 1890, after paying losses and expenses to the amount of $3,855.

Just How to Start a Coöperative Store.—One or two progressive men and women should first read up on the subject until they master it fully. Then get others to read this book. Discuss the subject at several meetings, at which special efforts should be made to secure the attendance of the women as well as the men. If the women are interested and satisfied with the coöperative store, its success will be insured. Make no unnecessary noise about it, but when a reasonable number—say from a dozen to a hundred—of clear-headed people are thoroughly interested, go ahead, and circulate a subscription paper drawn up something like this:

We, the undersigned, hereby subscribe for the number of shares of the —— Coöperative Association set against our respective names, the shares to be Five Dollars each, payment to be made as follows: [Here specify how many shares shall be paid up in full and the terms of payment for the remainder—as, for instance, one dollar per month—or whatever plan will best suit the members and insure enough capital to make a safe beginning.] Our subscriptions are to be void unless —— shares, to the amount of at least —— paid up capital are subscribed for. Said association to be legally incorporated under the State law, and to be governed by by-laws in harmony with those adopted by other successful coöperative enterprises on the Rochdale system.

An energetic committee should be appointed to circulate this pledge—men in whom the local public have confidence. The necessary subscriptions secured, the subscribers or shareholders should meet and perfect a coöperative corporation under the State law. The assistance of a lawyer is usually necessary to start right and comply with the law. The canvassing committee for pledges should be limited in its work to a certain number of days; also the committee on by-laws should be limited to a few days. This is necessary to push the thing right along and inspire confidence. Let the subject be agitated and discussed until the people are thoroughly interested, but when the start is made, push

things. Take advantage of all the experience of the successful and unsuccessful coöperative efforts outlined in this book. Select the very best men for officers and back them up. Above all, remember that an humble beginning on a safe basis is better and surer to grow into a magnificent success than a more "brilliant" start on a larger scale but looser system.

A Useful Hint.—We may add here that one great secret of the success of the Arlington association is the effort made to keep its members constantly interested. Thus for days before the last Fourth of July the entire working force and many of the members put in their spare time in arranging for a grand Fourth of July parade. The "Coöp" appeared in the parade with its fourteen teams all gayly painted and decorated with flags and bunting, and loaded with goods from the different stores, each team decorated with proper signs and mottos and driven by two proud employes. Its appearance in the parade created magnificent enthusiasm, and was a tremendous advertisement. Even more important was the value of such an object lesson in inspiring further confidence on the part of the members of the association and the thousands upon thousands of working people who witnessed the procession. It may be added here that the association's quarter, ended July 1, 1891, was another very successful one, the dividends on purchases being eight per cent.

CHAPTER V.

COÖPERATIVE PRODUCTION.

Not a Simple Thing.—This is a far more complicated matter than coöperative distribution. The theory is that in time the savings of the latter system should be sufficient to establish enough coöperative manufactories, etc., to produce the goods required for distribution. In practice it may be many years before we in America reach this stage. For this reason, and because our people will do well to first master coöperative distribution, detailed information is here given only upon several phases of coöperative production that have already proven successful. Even among English coöperators, productive effort is largely confined to the Wholesale society.

The Rochdale idea of feeding the business on its profits must be observed even more faithfully in coöperative production than in distribution. The entire profits should not be declared in dividends on the material or labor used in the manufactures. A liberal allowance for depreciation must be made, and a reserve fund created for the contingencies that are so liable to affect any manufacturing enterprise.

Coöperative Farming.—Coöperative cheese factories and creameries for the manufacture of butter are an established success. A special chapter is devoted to them. It is evident also that if farmers are to get the utmost out of the business of producing sugar from beets or sorghum they should own and manage the factories coöperatively. Then, after paying a reasonable

hire to capital, the balance of the profits can be declared in dividends on beets or cane furnished. Germany has 113 coöperative beet sugar factories, with an average capital of $200,000; they each work up about 25,000 tons of beets annually, the expenses being a trifle under $3 per ton (including interest on capital), leaving an average profit of $1.25 per ton above the usual price paid for beets. This manufacturers' profit of $1.25 per ton is by the coöperative plan paid in dividends on beets, instead of going into the pockets of a factory proprietor. In view of the prospective development of the sugar industry in America, the application to it of coöperation should be kept in view. The amount of capital required need be no hindrance to coöperative effort when the established character of the industry is proven.

It would be a comparatively easy matter for new settlers in the West and South to unite so as to get the full benefits of coöperation. Let them homestead a township, and own in common an artesian well to supply water for irrigation and other purposes, thoroughbred bulls and stallions to improve their stock, a steam plow, threshing machine, an exchange or store for supplying groceries and selling produce, an elevator for storing grain, a factory for butter- and cheese-making with refrigerator house attached, a general repair shop, a laundry, a savings bank and building association, and other things required for their work and business. The plan is perfectly practical, but the trouble is that in carrying it out some crank or enthusiast would try to include household life in common. Without this feature, however, the social life of such a settlement would be bright and attractive, and would do much to rob farming of the lonesomeness that is distasteful to many. After complying with the homestead laws, the people could live in clusters of houses or little villages, that would make the social side of life on the farm still more allur-

FIG. 14. A CHEAP WAREHOUSE FOR FARMER COÖPERATORS.

ing. A few such coöperative townships could unite to build and operate flour mills or beef and pork packing houses, and other enterprises that require more capital and product than might be furnished by one small township.

Some Nebraska farmers are now forming such a settlement, and estimate that through this system they can get twenty-five instead of fifteen cents for butter, fifteen instead of ten cents for eggs, seventy instead of fifty cents for wheat, five instead of three and one-half cents per pound for live hogs, with similar savings in beef and other produce. They estimate that in each county twenty-four miles square of average productiveness in Nebraska, the farmers can save over $500,000 per year. This may be a wild calculation, but with proper management, no reader is too blind to see the great savings that could be effected. Because the profits of such distribution and manufacture go to middlemen is why farmers, especially the growers of staple crops in the West, are not better off.

In most farming industries, however, little progress has been made coöperatively. But it is becoming more and more common for farmers who wish to improve their stock to unite in a corporation for the purpose of buying pure blooded sires and accounting for their use in a business-like way—a thoroughly commendable practice, whereby even the poorest farmer may improve his stock. In other farming industries, little progress has been made in coöperative production. The farmer is beginning to realize, however, that in many other directions he can unite with his neighbors to advantage. The old question of dogs versus sheep would be effectually answered if our Eastern farmers would unite their flocks and hire a shepherd to tend them. No better use can be found for hill pastures and so-called deserted farms, and with large enough flocks the shepherd's ser-

vices will pay even better than on the ranches of the West. The saving in repairs in fences would alone be enormous.

Only by a similar plan of pasturing cattle in large numbers can the Eastern farmer produce as cheaply as the Western feeder. The agricultural depression and the railroads have quite leveled the value of grazing lands in both sections, and profitable production in any part of the country will depend more and more upon the extent to which farmers coöperate to produce in large quantities at the minimum of expense.

This is true of staple crops as well as of meat products and wool. Nor do the relative merits of intensive versus extensive farming prevent coöperation. If the grower of one or two acres of vegetables gets great yields and good profits, might he not do still better if the expense of cartage, of fertilizers, of irrigation, of everything except day labor, were reduced by union with adjoining market gardeners? So, too, in working the land provided the society has the required capital, brains and experience. But elevators, flouring and lumber mills, and similar factories for working up raw farm products, are usually best conducted as coöperative corporations independent of the store. This simplifies the work, and with the average body of coöperators insures better management. Such efforts should be organized and operated with the same regard for business principles and the requirements for success noted elsewhere for stores, creameries or insurance companies. The object is to convert the raw crop into the finished product for market at the least expense, selling the same to the best advantage and returning the proceeds to the farmers in accordance with the quantity and quality of the raw material furnished by each.

Working Men Coöperative Producers—meaning the management of ordinary manufacturing enterprises

by the men who perform the labor. Here the object is to declare profits in dividend on labor done, after paying capital its hire and setting aside a reserve. The plan has proven successful in a few instances in the United States, and in numerous enterprises in England and France, but failure has been far more frequent abroad in productive effort than with coöperative stores. The

FIG. 15. INTERIOR VIEW OF FIG. 14.—COÖPERATIVE MARKETING.

reason is plain—it is not the *principle*, but the *management* that is at fault. The most conspicuous successes have been where the members cheerfully recognized the principle of paying each worker according to his ability

to contribute to the prosperity of the concern. In such cases, the workers have willingly selected their most capable men as officers, and paid liberally for brains and experience as well as for manual labor. This insured the best manager the employes had among their number, and stimulated each worker to improve his efficiency so as to get an increase in wages. The profits being divided in dividends on wages, the larger the latter the more profit accrues to the capable and well paid.

There has been much discussion as to division of profits—what proportion should go to labor, capital and consumer, but coöperators who know enough to so manage a factory as to earn a profit will know how to divide the profits on a fair basis—to labor rather than to capital.

Furniture Workers' Coöperators.—An instance of a practical and long continued success among artisans is furnished by the St. Louis Furniture Workers' Association, organized under the laws of Missouri, Nov. 15, 1878. It now has a cash capital of $50,000, all paid up. The start was made in a very humble way, the members having comparatively little money. During the first few years fifteen per cent of the wages of each man was charged up to his labor account and placed to his credit in taking up shares of the capital stock. In this way each member was encouraged to increase his holdings and save money for working capital. A dividend of five per cent was declared in 1884, but the company does not make a practice of paying cash dividends, but pays as good wages as possible. There are now eighty-five members, all of whom work in the factory and most of whom own the homes they occupy. A few years ago the association bought the premises it now occupies, which it previously rented. Its sales last year were over $100,000, and its goods are shipped throughout the Southwest. Each stockholder earns his wages the same as at a private factory. The wages are credited

each week to the separate accounts, pay day coming twice a month. The full amount of the wages earned by each stockholder is paid if the cash in the treasury warrants. Otherwise such percentage of the amount due is paid to each man as the cash will permit.

This report indicates that these furniture workers are not only willing to be paid on their merits, but if cash is short cheerfully accept such proportion of their wages as can be paid. It should be added that any deficiencies of payment on one pay day is made up at a later date, unless some unforseen loss occurs. Thus the workers share in the losses or profits.

By-Laws for Coöperative Factories must vary according to the requirements and nature of the business. The rules of the St. Louis Furniture Workers' Association, while crude in some respects, contain so many points instructive to workingmen coöperators that we here insert them:

ARTICLE I. MEETINGS OF THE STOCKHOLDERS.

Section 1. The stockholders shall hold two meetings a year—on the third Tuesday in January and July.

Sec. 2. At the January meeting the directors shall give the stockholders a complete report of the condition of the association, an inventory of the property, the state of the finances, and all that has reference to the management.

Sec. 3. At the July meeting, the main feature shall be a discussion of the business of the association, without a report from the directors unless they wish.

ARTICLE II. MEETINGS.

Section 1. In all the meetings of the stockholders fifty shall be a quorum. When this number is present the president shall call the meeting to order. In the absence of the president the secretary shall call the meeting to order; they shall then vote for a chairman.

Sec. 2. The directors can call special meetings of the stockholders when a majority thinks necessary. On a written request from one-quarter of all the stockholders, the president shall call a meeting. Ten days' notice of all meetings of the stockholders shall be given, and this shall be published in the largest circulated German and English daily papers in St. Louis ten days beforehand. Also the same notice shall be sent to every stockholder through the mail.

Sec. 3. In all meetings the majority rules, except in removing officers and changing by-laws and rules, when a two-thirds majority is necessary.

Sec. 4. In all meetings of the stockholders, each stockholder has one vote, except in the election of directors, when each share represents one vote.

Article III. The Election of Directors.

Section 1. The annual election of directors shall be held on the first Wednesday after the third Tuesday in January.

Sec. 2. All stockholders under eighteen can vote only through a guardian.

Sec. 3. The directors choose their own officers. If the place of a director becomes vacant, then shall the next highest candidate in the last election take his place.

Sec. 4. All directors serve a term of one year.

Sec. 5. Paragraph 4 of our charter shall hereafter read, "The number of directors shall be thirteen." The president, secretary and treasurer shall constitute the executive board and transact the main business under the oversight of the rest of the directors.

Article IV. Duties of the Officers.

Sec. 1. The *Directors* shall hold a meeting once a month and the secretary shall notify every director of the same.

Sec. 2. Should the office of superintendent become vacant, then the directors have power to appoint or discharge his successor by a two-thirds vote.

Sec. 3. Eight days before inventory the stockholders who work in the factory shall appoint nine men to take the inventory. Of these four shall be stockholders outside the factory and five employes in the factory.

Sec. 4. The directors shall keep back ten per cent of the wages of the stockholders working in the factory who do not own twenty shares. This fund is to be used in purchasing shares of stockholders not in the factory. The purchase goes by rotation in the order of the first-bought share.

Sec. 5. The directors shall pay the workmen on the 2d and 16th day of each month. No money is to be paid out for wages at any other time.

Sec. 6. The *President* shall perform all the duties laid upon him by the rules of the association. He shall have general oversight of the business of the association with the assistance of the secretary and treasurer, subject to the control of the other directors. The president has to sign all notes and drafts. He has also the right to call special meetings of directors and stockholders when he thinks best. He shall not pay out more than $6,000 in one month, nor sign notes or do other financial transactions unless with the sanction of the directors.

Sec. 7. The *Secretary* shall keep correct minutes of each meeting of the directors in a book for that purpose, each record to be signed by the president and himself. He shall also send all notices for meetings of the directors and stockholders to each member. He has the care of all the books and papers of the association. The books shall at any time be open for the inspection of a committee of members or directors.

Sec. 8. The *Treasurer* shall give a bond for a sum to be set by the stockholders, but not less than $5,000. He has charge of all the moneys received by the association and has to pay all bills less than $500, which

must be approved by the president and secretary. He must keep a correct account of all the transactions in a book, and his books must be open at any time for the inspection of the directors.

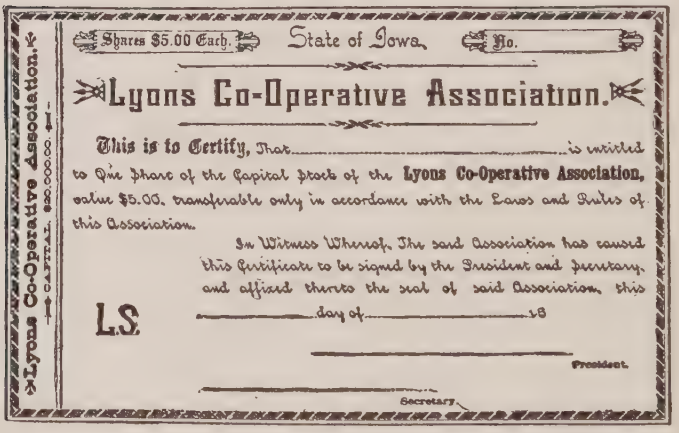
Sec. 9. The president and treasurer shall receive five dollars a year and the secretary fifty dollars for their official services.

Sec. 10. All directors who work by the piece shall be paid twenty-five cents per hour for loss of time occasioned by attending meetings and other business pertaining to the association.

Sec. 11. These by-laws can be amended or changed at any of the meetings according to Art. 2, Sec. 4.

Factory Rules.

1. The superintendent of the factory has charge of the inside and outside business of the association. He also has to give the cost to


Shares $5.00 Each. State of Iowa. No.

Lyons Co-Operative Association.

This is to Certify, That ..... is entitled to One Share of the Capital Stock of the Lyons Co-Operative Association, value $5.00, transferable only in accordance with the Laws and Rules of this Association.

In Witness Whereof, The said Association has caused this Certificate to be signed by the President and Secretary, and affixed thereto the seal of said Association, this ..... day of 18

L.S.

President.

Secretary.

Lyons Co-Operative Association. CAPITAL $20,000.00

FIG. 16. FORM FOR SHAREHOLDERS' CERTIFICATE OF CAPITAL STOCK IN A COÖPERATIVE ASSOCIATION.

produce each piece of work at the factory and report the same to the directors.

2. He shall also see that every workman does his duty and that the workmen have their material for working at the right time at their bench.

3. Each employe has all the rules and orders from the superintendent, must obey him and finish all work according to direction. No workman is permitted to take away any of the company's material without permission of the directors. Every workman shall clean up and take to a place for that purpose all pieces, shavings, etc., every evening after work. Each machinist has to clean up every Saturday evening his machine before he leaves it.

4. The time to commence and to stop work mornings, noons and evenings will be given by the bell, each workman strictly to obey it. The ten minutes after 9.30 a. m. and five minutes after 3.30 p. m. will be used for luncheon. During this time the machines will be stopped. Outside of this time each workman must strictly attend to his work. No one is allowed to use alcoholic drinks or to smoke on the premises.

5. The ten minutes' morning and five minutes' afternoon lunch time must be made up.

6. If a workman has any complaint against another workman or against a foreman, he must go to the superintendent. If he has complaint against the superintendent, he must submit it in writing to the directors.

7. To insure a thorough and constitutional election, each shareholder working in the factory shall on the day before the election appoint election judges.

8. The superintendent has no right to discharge any shareholder who works in the factory on his own responsibility, but when he finds it to be necessary, he must bring it before the directors for them to decide.

9. No person is allowed to enter the factory unless he has a permit from the office.

10. With the exception of very necessary work, no one shall be allowed to work Sundays.

Productive Failures.—It would be easy to prepare a long list of so-called failures of coöperative effort. Some of them are described in the History of Coöperation in the United States. Others are familiar to the general reader. But it is almost an invariable rule that these failures were due to the methods employed and not to any weakness of the principle of coöperation. Thus the coal operatives at Summit, Mo., who had become chronic strikers, organized a coöperative company in the latter part of July, 1885, associating with them Thomas Wardell, their previous employer. At the end of the year "the members saw by their own settlement that they were not as well off as by the old order of things, without the trouble of looking after the business, so they threw it up." These same men, two years after, went on another strike, and Mr. Wardell was killed during the contest. It is quite true that "such unreliable men are not likely to make business a success under any conditions." The Coöperative Coal Company at Bloomington, Ill., made a manful struggle, but finally had to

succumb through outside competition. The Coöperative Sash and Blind Factory at Rushville, Ind., for which great hopes were made, assigned through mismanagement.

Profit Sharing is the most successful form of coöperation in manufacturing and productive enterprises. In this system the owners of the plant or the employers set aside a certain proportion of the net earnings to be paid as a bonus or dividend on each employe's wages. This leads the worker to be more careful, for the less he wastes and the more he does to increase the concern's profits the greater will be the dividend on his wages. Dr. Gilman's book on this topic is particularly recommended.

Other Productive Enterprises are mentioned in the Appendix. Another phase of very successful coöperative production is given in the following chapter on associated dairying. From Prof. Bemis's estimates in 1886, it is probable that coöperative production in New England amounts to over $1,000,000 a year. The most brilliant success in coöperative production in the United States is afforded by the coöperative coopers of Minneapolis, who control a large portion of the cooperage business of the Northwest. There are several coöperative cooper shops, whose credit is high, business profitable, and members prosperous. These coöperators are very confident that in a large range of productive industries wage-workers could coöperate with equal success. The Coöperative Barrel Manufacturing Company was the first enterprise of the kind, established in 1874, and has been the model for several similar attempts, all of which have been successful. The by-laws have been altered but little since they were drawn eighteen years ago. They are herewith printed entire, and give a very clear insight into the methods of these successful coöperators:

ARTICLE I. OFFICERS.

Section 1. The officers of this association shall be President, Secretary, Treasurer, three Directors, and Foreman.

Sec. 2. *President.* It shall be the duty of the president to preside at all meetings of the members, and of the board of managers, to preserve order at such meetings, to decide all questions of order subject to an appeal to the house, to put all questions to vote, and give the casting vote in case of a tie. In the absence of the president at any such meeting the senior member present of the directors shall act in his

FIG. 15. ENEAS CASH, SECRETARY OF THE LYONS COÖPERATIVE ASSOCIATION. (See Page 89.)

stead. It shall also be the duty of the president to sign all contracts entered into by this association, and all certificates of stock issued by it, to order the payment of all bids and claims against the company before the same shall be paid by the treasurer, and shall keep a letter-press copy of all communications emanating from this association, in a book provided for the purpose.

Sec. 3. *Secretary.* It shall be the duty of the secretary to attend all meetings of the association, and make accurate minutes of all proceedings thereof, and record the same in a book provided for the

purpose, and perform such other duties as usually appertain to this office. He shall keep an accurate account of all receipts and disbursements of the company, and a record of the amount of work done by each member, and the amount of money received for said work, and shall receive from the foreman aud record a weekly statement of the amount and price of all work sold during each week. He shall make up the monthly, semi-annual and annual reports of the receipts and disbursements of the corporation. He shall keep a file of all bills, contracts and other papers belonging to the company. He shall countersign all contracts made, and all certificates of stock issued by the company. His books shall be kept open at all times for the inspection of any member of the association, and shall, together with all receipts, papers, etc., of the association, be delivered by him to his successor at the expiration of his term of office.

Sec. 4. *Treasurer.* It shall be the duty of the treasurer to collect all moneys due the association, and to deposit the same, in the name of the association, in such bank or banks as it may from time to time direct. He shall pay out no moneys of the association without an order by the president.

Sec. 5. *Board of Managers.* The board of managers shall consist of the president, treasurer, and three directors, who shall conduct and manage the business of the association. The board of managers shall elect a secretary from their number, who shall keep a record of the proceedings of the board in a book provided for the purpose, which he shall read when called for by the association, and which shall be open at all times for inspection of members. They shall, on the first day of May and November of each year, make out a statement of the standing of the association.

Sec. 6. *Foreman.* It shall be the duty of the foreman to act as foreman of the shops of the association; to inspect all articles manufactured, and once a week to render the secretary an accurate statement of the number of articles manufactured during the week, and also of the number and price of all articles bought and sold.

Sec. 7. *Installation.* All officers shall enter upon their respective duties the first Monday after their election.

Sec. 8. *Vacancies.* Any office of this association may be declared vacant at any regular monthly meeting, or at any meeting specially called for the purpose, by a two-thirds vote of all its members, and the vacancy thus made may be filled at the same meeting by a majority vote of the members present. The officer thus elected shall hold office during the remainder of the unexpired term of his predecessor.

ARTICLE II. MEMBERSHIP.

Section 1. *Duties of Members.* Any member of this association who leaves his berth when the shops are running on full time, to take work elsewhere, shall forfeit the right to the berth which he has vacated, but should a member leave during a dull season, when the shops are running on a stent, his berth shall be reserved for him until the foreman of the shops shall notify him to return.

Sec. 2. *Intoxicating Liquors.* No person shall be allowed to bring intoxicating liquors into any shop of this association, or to be drank upon its premises.

Sec. 3. *Withdrawals.* Any member, with the consent of the board of managers, may withdraw from this association by giving the secretary notice in writing of his desire to do so, when his membership shall cease and be determined; provided, he shall immediately surrender his certificate of stock to the president, and receive therefor a note with interest at the rate of five per cent per annum for all moneys due him by the association, payable six months from date.

Article III. Expulsion.

Section 1. *Forfeiture of Membership.* It shall be the duty of the foreman to reject all articles made by members of the association when not made satisfactory, or according to instructions, and if any member shall refuse or neglect to perform his work in a workmanlike and satisfactory manner, the foreman shall report to the president, who shall call the board of managers to examine said member's work, and if they deem it necessary, shall authorize the president to call a meeting of the company, who shall have the power to discharge said member from the employ of the company by a two-thirds vote of all members of the company.

Article IV. Capital and Shares.

Section 1. *Stock.* Each and every member of this association shall be a stockholder, and each member shall hold the same number of shares.

Sec. 2. *Transfers.* No member of this association shall dispose of or transfer his membership without the consent of the board of managers, and all transfers must be made upon the books of the company.

Sec. 3. *Interest.* Every subscriber shall pay fifteen per cent down on each share of capital stock for which he subscribes, and interest on the balance at the rate of five per cent per annum until fully paid, according to the last semi-annual and annual settlement, which interest shall be paid on the first pay days of April and October of each year.

Sec. 4. *Issuing.* Stock may be issued by the board of managers when the members shall at any general meeting by a two-thirds vote so direct.

Sec. 5. *Applications.* No person shall be eligible to membership in this association who is not known to be a journeyman cooper, and of good moral character. The board of managers shall act on all applications for membership when so directed by the association, and shall have the power to accept or reject any application for membership in the association.

Article V. Dividends and Assessments.

Section 1. *Settlement.* The association shall pay five per cent interest per annum on the first days in April and October of each year on all moneys actually paid in on each share of capital stock at the time of the preceding semi-annual or annual settlement, as the case may be.

Sec. 2. *Appraisements.* The real estate shall be appraised in each semi-annual and annual statement, and any loss or gain shall be divided pro rata per share.

Sec. 3. *Losses.* All losses by fire, or failure of any corporation or business firm, shall be paid pro rata per share.

Sec. 4. *Assessments.* There shall be a regular weekly assessment of not less than three dollars nor more than five dollars upon each member when the shops are running on full time. When not running on full time, the amount and number of assessments shall be fixed by the board of managers, and such assessments shall be regularly made, and applied upon the unpaid stock of such member until the full amount subscribed has been paid. Any member failing to pay his assessment shall be fined fifteen per cent for each and every offense, unless a reasonable excuse be given to the board of managers.

Sec. 5. *Payment of Assessments.* All assessments and fines levied by this association shall be paid on the first pay day thereafter, and shall be deducted from the weekly pay of the members. All losses, so far as may be, shall be paid out of the regular weekly assessment, and the balance applied in payment of subscriptions of stock.

Sec. 6. *Dividends.* The board of managers shall, at the semi-annual and annual meeting held on the second Wednesday of May and November of each year, declare all dividends or losses, and the amount thereof. When a dividend is declared it shall be paid in cash within thirty days thereafter, to such members as have fully paid up all their subscriptions. Those who have not fully paid up shall have the amount of the dividend applied upon the unpaid balance of their capital stock.

Sec. 7. *Gains and Losses.* All gains or losses on the work of hired help, or on the manufacture and sale of stock, shall be apportioned pro rata per member.

Sec. 8. *Other Points.* All gains or losses not otherwise provided for shall be apportioned pro rata upon the wages received by each member.

Article VI. Death.

Section 1. In case of the death of a member, this company shall pay to his lawful heirs, upon surrender of the certificate of stock, all moneys known by the officers to be due them.

Article VII. Auditing Committee.

Section 1. The association shall appoint a committee consisting of three members, at the regular meetings in April and October of each year, to audit the accounts of the association, and report at the semi-annual and annual meetings.

Article VIII. Meetings and Quorum.

Section 1. *Meetings.* The semi-annual and annual meetings of this association shall be held on the second Wednesday of May and November of each year. A regular monthly meeting shall be held on the first Wednesday of each and every month. Special meetings may be called at any time by the president, upon the written request of seven members of the company.

Sec. 2. *Quorum.* Fifteen members may constitute a quorum for the transaction of business at any regular meeting. If less numbers appear at the stated meeting they may adjourn for future day.

Sec 3. *Shop Rules.* All shop rules adopted by this association shall be equally binding with these by-laws upon every member.

CHAPTER VI.

COÖPERATIVE DAIRYING.

Just What It is.—By the coöperative system the dairymen organize a corporation on a coöperative basis, furnish the necessary capital for factory and appliances, and manage the business through a board of directors elected by the stockholders. Thus any profit in the business is returned to the dairymen, instead of the lion's share being taken by the proprietor of a factory. Under this management, the coöperative creamery and cheese factories will pay from five to twenty per cent better returns to the farmers than proprietary factories, during a term of years. Coöperation enables the dairymen to get all the profit, while at the same time reducing expenses.

Factory cheese-making has come to be the general practice, the quantity of cheese made on farms being a comparatively unimportant factor in the dairy situation. The creamery system or factory method of butter-making is now rapidly supplanting the making of butter on the farm in a small way. The coöperative system greatly reduces the work on the farm and in the home, while adding to profits without going to a great outlay of time and capital to change methods of farming.

In organizing coöperative companies for the manufacture of butter or cheese, or both, it is first necessary that farmers should become thoroughly posted upon the coöperative system and its advantages. The coöperator, in dairying as in other affairs, must recognize that he has a duty to perform as well as the company.

The Best Way to Proceed is as follows: Those most interested should talk up the matter, secure further particulars by corresponding with the successful coöperative factories mentioned in the Appendix, also the various dealers (not one alone) in factory and creamery supplies, and then call a meeting of the farmers to consider the whole subject. At this first meeting a committee on by-laws should be appointed, also a canvassing committee, and perhaps a third committee to ascertain any facts not stated to the meeting. An adjournment should then be taken for two or three weeks, just far enough ahead to give the committees time to do their work and canvass the locality for subscriptions to the capital stock, but not long enough to allow interest in the matter to cool. More will be accomplished by pushing things in short order than by moving too slowly. At the same time care should be taken to make no mistake.

The committee on by-laws especially should report a scheme of organization that shall be thoroughly legal under the State laws. At the adjourned meeting, or as early as possible, the association should be legally perfected and a portion or all of the capital stock paid in. Not until this is done should the question of the location of cheese factory or creamery be decided, because on this point there are often serious differences of opinion which may be carried to the extent of disruption if the coöperators are not sufficiently bounden to hold together until they have learned that coöperation means the greatest good to the greatest number as well as absolute justice to each individual. Many points as to the practical management of the business and conduct of the factory are to be considered in locating it. Accessibility to patrons and to depot, freight, express and telegraph, —good water, perfect drainage, good roads, cheap ice, freedom from anything that might contaminate the quality of the butter—all these points must be attended to.

What to Avoid.—The creamery "sharks," who excite farmers in out-of-the-way places by marvelous stories of creamery profits, should be given a wide berth. The market reports show what butter sells for. No method of working milk will get out of it more butter than there is in it. Judge of what a creamery can do in your section by investigating as to what the system accomplishes in towns where the conditions are similar to your own. Avoid a big capital; $1,200 to $3,000 is enough for 300 to 1,000 cows. Above all, investigate thoroughly the various systems of creamery management, and adopt the one which seems best and cheapest for your special circumstances. Don't take the estimate of any single outfitter of creameries, but get bids from them all.

THE ASSOCIATED CREAMERY.

Its Benefits.—The butter made by forty different housewives is of forty different kinds, put up in forty different styles, and worth forty different prices. It has forty different colors, forty different grains, forty different flavors, and forty different degrees of saltness. Now take all this cream, let it be mixed and made by one experienced butter-maker, and the forty different kinds are blended into one, with only one grain, flavor, color and taste. The price at once goes up because it is uniform and the one quality can be obtained in larger quantities. Creamery butter sells at from four to ten cents per pound above the bulk of farmers' butter.

Another Great Saving is that it takes the work out of the house and gives the housewife more time for her other work and a chance for reading or other enjoyments. This is seldom taken into consideration in figuring up the profits, but should not be lost sight of, for it is a big factor. Many things, such as the kind of man, kind of cows—breed, feed and care—and ability of the butter-maker, influence the quality of butter and

the price obtained for it. If everything is first-class, then the top price will be obtained for the butter, while if any one thing is only second or third rate, the butter will be the same and the price accordingly. The reason creamery butter is sought after in the markets at a higher price than dairy butter is because of its uniformity. The better the grade the higher the price that it commands.

The coöperative creamery is practical and sensible and should be adopted in every neighborhood where dairying is practiced to any extent and there are enough cows to

FIG. 16. ELEVATION OF A MODEL CREAM GATHERING BUTTER FACTORY.

support one. They have been made successful in the past and they will be more so in the future.

A Practical Success.—Farmers to whom the idea is new will be surprised at the number of coöperative creameries already in successful operation. Out of more than one hundred and fifty creameries in New England alone, eighty per cent are thoroughly coöperative—

owned by the farmers, managed by their directors, through a superintendent employed under their supervision, and all receipts (setting aside a reserve fund and five or six per cent on capital stock) above expenses declared in dividends on the milk or cream furnished. Some of these coöperative creameries are ten to fifteen years old. The returns from thirty of them for the year ended Jan. 1, 1891, showed payments net to patrons for cream taken at the farmers' door of twenty-one cents per pound of butter as the average for the year, in spite of the lowest market known for years. In ordinary markets the best creameries pay twenty-four to twenty-seven cents net to patrons for the whole year. The capital varies from $2,000 to $4,000, product from 20,000 to 350,000 pounds, and total payments to patrons from $4,000 to $75,000 in the year. Massachusetts' coöperative creameries made 6,000,000 pounds of butter in 1890, and Connecticut's nearly as much.

In most of the Central and Western States no such proportion exists of coöperative to proprietary creameries. Yet many, perhaps the greater part of them, while owned and managed individually, are nevertheless operated, to a large extent, on a modification of the coöperative plan. That is to say, the patrons furnish the milk, the manufacturer makes it up at a given price, sells it, and the net proceeds (be the same more or less) are distributed among the patrons. A considerable number, but probably not one-fourth of the total number, are owned and managed by the patrons or coöperatively.

Reasons for Failure.—The scarcity of such creameries in the West is due to the fact that dairymen have been victimized to a large extent by creamery sharks, in the manner described under the heading, "What to avoid." A large number of creameries established under such auspices are now defunct. They represent an investment of from $5,000 to $7,000 where

$2,000 or $3,000 would have been abundant. Such factories can often be bought up for a few cents on the dollar, and, reorganized on a thoroughly coöperative basis, can be made to pay under careful management.

Another great difficulty has been that the creamery was operated only during the summer, when prices of butter were low. It must run twelve months in the year for the best success, and make more butter in winter than in summer. This plan will also pay the farmer much better than the prevalent over-productive summer dairies.

Again, the factory must be well patronized by the farmers, for the greater the product the less the expenses per pound and the greater the net returns to farmers. The more concentrated the milk or cream routes the less the cost of gathering cream or milk. The butter extractor, however, may enable one central factory to cover a much larger area than is now possible.

The Michigan Method.—In many cases the method of payment employed in the successful coöperative creameries in the East is modified in the West. The method at the only (1890) associated creamery in Michigan, which is quite successful, is thus described by Manager S. J. Wilson, of Flint:

"Our stock is divided into shares of twenty-five dollars each. No person can hold more than two shares of stock. We purchase cream, paying about the price of dairy butter, from stockholders and those who are not, just alike. We keep a margin between the price we pay for cream and what we sell the butter for, so as to cover expenses and a little more all the time. We take samples and test each man's cream every time and pay according to the butter value shown by these tests. The first of April and October, or twice a year, we pay seven per cent interest on the stock, and the balance is declared as a dividend, not upon the stock, but upon the stock-

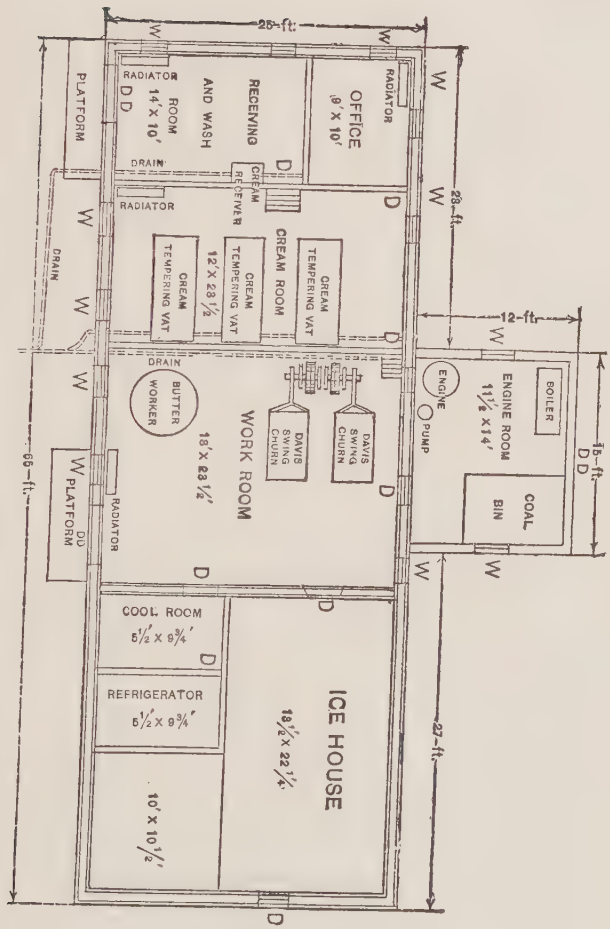


FIG. 17. PLAN OF WORK ROOM IN CREAM GATHERING FACTORY.

holders' cream or butter, according to the amount furnished. No one is allowed to share in the profits of coöperation unless they take, at least, one share of stock. We have a board of directors who meet once a month, or when called together by the manager, who lay down the rules to govern the business of the company. The manager has full power, under the directors. He hires all the help, sets the price on the cream and sells the butter. He is also treasurer and pays for the cream, labor, and all supplies. He makes a statement of the business the first of each month, for the preceding month, also a financial statement which the directors examine and pass upon. In fact, he has full control of everything under the instructions of the directors. Our books and mode of testing the cream are open to the inspection of patrons at all times. Our patrons' cream account we keep in a special ledger, so we can tell, in a moment, just how many gauges of cream any patron has furnished, what per cent it tested, how much butter it made and what it came to. We believe these are the right principles on which to operate a coöperative creamery and, if rightly managed, will result in great benefit to all parties concerned."

The By-Laws and Rules.—These vary somewhat in different sections, but a good model are the following, which are generally used in the New England and Northwestern coöperative creameries:

I. This association shall be known as the —— coöperative creamery association.

II. The purpose of the association shall be to locate, establish and carry on the manufacture and sale of milk products, in such a manner as will conduce to the greatest convenience and profit of the producers over the greatest amount of territory in the town of —— and vicinity. Also to purchase, use, and hold real and personal estate necessary for the transaction of the business of the association.

III. The capital stock of the association shall be —— dollars, divided into —— shares of ten dollars each.

IV. This association shall be coöperative. Cream or milk may be purchased or accepted from any person not a stockholder on the same terms and conditions as may be prescribed for stockholders.

V. Any person directly engaged in agricultural pursuits may become a member of this association by taking one or more shares of the stock of the association.

VI. 1. The regular meetings of the association shall be held semi-annually, viz., on the first Monday in ——— and in ——— in each year, at such time and place as the board of directors may determine, and notice of such meeting shall be given by the clerk to each member by mail seven days at least previous to the date of said meeting. 2. Special meetings may be called either by the president with the advice and consent of a majority of the directors, or upon written request of one-third of the stockholders of the association, upon seven days' notice as above. 3. Meetings of the board of directors may be called by the president or by any two directors.

VII. 1. The officers of the association shall consist of a president, clerk, treasurer, five directors and two auditors. 2. The president shall be chosen annually by the board of directors, by written ballot, at the regular meeting in October. 3. The clerk, treasurer, board of directors and auditors shall be chosen by the stockholders annually, by written ballot, at the regular meeting in October, and all officers shall hold office till others are chosen and qualified in their stead. Vacancies in the above-named offices may be filled at any meeting of the stockholders; in the meantime by the board of directors. In case of the absence of the clerk, a temporary clerk may be chosen and qualified in his stead.

VIII. At any regularly called meeting of the association nine of the members thereof, and at any meeting of the board of directors three members thereof, shall constitute a quorum for the transaction of business. A less number may adjourn from time to time.

IX. It shall be the duty of the president, who shall be a director, to preside at all meetings of the association, and of the board of directors, preserve order therein, put all questions, announce all decisions, and in case of an equal division to give the casting vote. He shall receive and safely preserve all bonds required of the officers of the association and sign all certificates or documents issued by the association or board of directors. In the absence of the president, it shall be the duty of one of the board of directors, in the order of their seniority, to preside at any meeting.

X. It shall be the duty of the clerk to attend all meetings of the association and of the board of directors, and to keep a correct record of the same, which record shall be open for the inspection of any member. He shall give notice of all meetings, and of all appointments on committees, to each member thereof, and to each officer chosen of his election, and shall serve all such other notices as appertain to his office or as may be directed from time to time by the association or board of directors. He shall attest all certificates or documents issued signed by the president, shall file all bills and reports and such other documents as may be ordered to be filed, and shall carry on all such correspondence as may be directed; shall act as secretary of all committees when called upon; shall keep a correct financial account between the association and its members, and shall have charge of all property not otherwise disposed of. He shall give such bonds for the faithful performance of his duty, and receive such compensation for his services, as the board of directors may determine.

XI. It shall be the duty of the treasurer to receive all money belonging to the association, giving his receipt therefor. He shall draw all money for the payment of claims against the association under the direction of the board of directors. He shall make a report to the board of directors at such times as they may require. He shall perform all duties required of him by the laws of the commonwealth and shall give such bonds for the faithful performance of his duty as the board of directors may require.

XII. It shall be the duty of the board of directors to attend to the general affairs of the association, invest the funds of the same, appoint such other agents and officers as in their judgment the interests of the association require, and fix all compensations. They shall keep or cause to be kept a correct account of all cream or milk furnished by the stockholders or patrons, and a correct account of all sales. They

FIG. 18. ELEVATION OF A CHEESE FACTORY.

shall prescribe the rules and regulations governing the collection and delivery of cream and milk; may cause the quality of the same to be tested as often as may be deemed expedient; may authorize the premises of any stockholder or patron to be inspected, and may reject and refuse to collect or receive any cream or milk that is unsatisfactory or not furnished in compliance with the prescribed regulations. They shall establish prices, and have full power over the business of the association, and in all cases pursue such measures as in their judgment will tend to the best interests of the association. They shall make a full report of their doings, and a full statement of the business at each regular meeting, or whenever called upon to do so by vote of the stockholders.

XIII. The duties of the auditors shall be to audit all accounts of the association, making a report to the board of directors at the time of the regular meetings, and at such other times as they may require.

XIV. The net profits of the business of the association, after such deductions have been made as the laws of the commonwealth require, shall be divided pro rata among the stockholders according to the number of shares held by each. [Note. It is understood that the profits shall not exceed six per cent on capital, all receipts in excess of this sum and necessary reserves being declared in payments to patrons for cream or milk furnished.]

XV. 1. Any person doing business for the association, or incurring expense therefor, shall receive a just remuneration for such services or expense. 2. All documents issued by the association shall bear the seal thereof, said seal to be in charge of the clerk. 3. The directors shall procure a corporate seal. 4. No member of the association can transfer his stock to any person not directly engaged in agricultural pursuits. 5. In case shares are transferred by one person to another, the certificate thereof must be surrendered to the treasurer, and the board of directors shall cause another certificate to be issued to the person to whom the transfer is made.

XVI. These by-laws shall not be altered or amended unless such alteration or amendment be proposed in writing, one meeting previous to action being taken; provided also that two-thirds of the members vote in the affirmative.

THE COÖPERATIVE CHEESE FACTORY.

Extent of the System.—Probably nine-tenths of the best cheese factories in Central New York are run on the coöperative plan. Fully fifty per cent of the cheese factories in the Northwestern and Middle States are coöperatively managed. In the Central and Western States the proportion of proprietary factories is much larger. Even in the great dairy State of Wisconsin only about half of the factories are coöperative. It is safe to estimate that sixty per cent of the cheese made in factories in the United States is the product of coöperative effort. The system has been found altogether successful, yet there are many thousands of neighborhoods that might benefit by a cheese factory, but yet go without, waiting for a proprietary factory to be built.

Two General Systems Prevail.—In one, the patrons contribute, in proportion to the number of cows they own, toward the expense of erecting a building and procuring the necessary outfit. They select a manager or managing committee, who employ the necessary help, purchase the needed supplies, market the cheese, deduct

all expenses from the amount received for sales and divide the net proceeds to each patron according to the amount of milk furnished. Those who have not contributed to the capital stock are charged a small sum for the use of the factory. This method is the one which gives the best results because it maintains the most constant interest on the part of the farmers and their representatives.

In the Other System the patrons erect the build-

FIG. 19. GROUND PLAN OF CHEESE FACTORY.

ing and engage or contract with some individual or company to furnish the outfit and manufacture the cheese at a stated price per pound. More frequently the farmer-company furnishes machinery and building, contracting with the cheese-maker to do the work and provide the supplies at a stated price. The latter is not the strictly coöperative method, and is only recommended where inefficiency among farmers prevents their own company managing the business successfully. Where factories are run under contract, the cheese-maker usually charges $1 to $1.10 per one hundred

pounds for making cheese and furnishing supplies, the dairymen delivering the milk at the factory. In some instances the cheese-maker guarantees the quality of cheese, and in others does not. The same general principles apply to organizing a coöperative cheese manufacturing company that are true of coöperative butter-making.

The Regulations for a Cheese Factory may be substantially like those in vogue in the great cheese-making sections of New York State, in substance as follows:

Article 1. This association shall be known as the the ——— Factory Association.

Art. 2. There shall be two meetings held yearly at the factory—one in the spring and one in the fall or winter, to be called by the president.

Art. 3. At the first meeting in each year there shall be chosen by the patrons a president and a treasurer and salesman.

Art. 4. The salesman and treasurer shall sell all the cheese, and as soon as he shall have sold and collected for one month's make of cheese, he shall, after paying the proprietor for making and deducting the other expenses, divide the proceeds pro rata, according to the number of pounds of milk delivered among the patrons.

Art. 5. It shall also be the duty of the treasurer and salesman to keep the books of the association, and make a final dividend yearly, to all the patrons, whenever all the cheese is sold and paid for. He shall also keep a milk book, showing the number of cheese made each month, to be taken from the factory's books. Said treasurer's milk and cheese book shall be subject to the inspection of the patrons and president.

Art. 6. The manager shall keep an accurate account with each patron of the number of pounds of milk delivered each day. Also an account of the number of cheese made, which accounts shall be subject to the inspection of the officers and patrons.

Art. 7. The president shall be authorized to preside over the entire transactions of patrons or officers, and constitute a committee to investigate all matters pertaining to said factory, and if any contingency should arise, he shall be authorized to bring suit in law against any delinquent.

Art. 8. The manager (cheese-maker) shall be authorized to criticise all milk offered, and he shall reject the same if in his judgment said milk is unfit to run into cheese; also to test with lactometer any milk, and if found to vary from a standard of milk known to be pure for the day shall report the same to the president, whose duty it shall be to send out a committee of three to the premises of said delinquent, witnessing the transit of the milk on the ensuing day from the cow to the factory, which shall again be tested as on the previous day, and if found to vary the party in question shall be adjudged guilty of having diluted the same in ratio, as shall appear. The penalty for the first offence shall be twenty-five dollars; second, one hundred dollars.

Art. 9. The president shall also have power to call special meetings of the patrons at any time he may deem it necessary, and he shall be required to call a meeting of the patrons whenever a request is presented to him signed by ten patrons. Whenever a meeting is to be called the president shall give patrons at least two days' notice.

Art. 10. The action of the treasurer and salesman in regard to selling or holding cheese shall be governed by a vote of a majority of the patrons. If no vote is taken, he is to exercise his best judgment in the matter.

Art. 11. In voting at any annual or special meeting of this association, the patrons shall be allowed one vote for every cow the milk of which is brought to the factory. [This may be altered to one vote on each share of the capital stock or one vote to each shareholder.]

Art. 12. The treasurer and salesman shall attend all meetings of the association whenever possible, and shall take minutes of the proceedings, and place the same on file in his office, and in other respects act

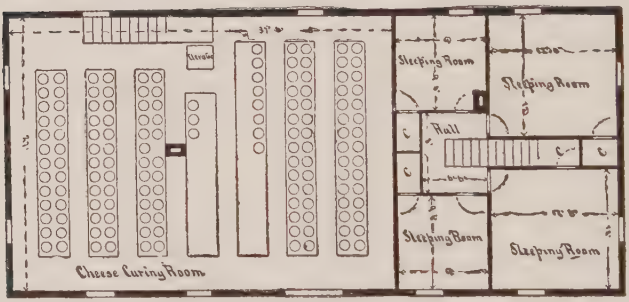


FIG. 20. SECOND STORY OF CHEESE FACTORY.

as secretary. In case he should be absent, a temporary secretary may be chosen. In case the president is absent at any meeting, a temporary president may be chosen for a presiding officer.

COÖPERATIVE MILK COMPANIES.

The Distribution of Milk in cities at present supports an enormous number of middlemen who get the larger share of the profits. Farmers who furnish milk to these markets receive only from one to three cents per quart for their milk, according to the locality and season. Consumers pay five to ten cents per quart; middlemen set the difference in prices. In a few places

the producers have united in a coöperative company to peddle the milk themselves. The oldest instance of this kind is the Onondaga milk association of Syracuse, N. Y.

This plan was original with the promoters, especially with C. D. Avery, for several years its secretary and treasurer, who now holds a like position in the Central New York Pomona Exchange—a new effort at coöperative distribution among farmers. The Onondaga Association has a special charter, dated March 9, 1872, but this is not needed under the corporation or coöperative laws that exist in most States to-day. Starting with $5,000 capital, this increased to nearly $70,000, but is now being retired, over $8,000 having been bought in during 1890. The association has net assets of $105,000 and is quite prosperous, though its benefits are mainly confined to its shareholders (who all furnish milk), outside producers getting no dividend on milk above the usual market price paid. The by-laws are similar to those of other coöperative associations, the business being mainly in charge of an executive committee amenable to the directors. The treasurer delivers monthly statements to the directors of milk received and delivered, and the directors "cause to be made and declare to be paid a dividend to the shareholders according to the quantity of milk received from them respectively during the preceding month, out of the net profits then in the hands of the treasurer."

The Syracuse company was originally formed by a union of several farmers who peddled their own milk, who took shares on the basis of twenty dollars for each cow. The average milk of one cow was estimated at six quarts daily, and peddlers who sold in excess of their own production were awarded shares on this basis for their routes. Members were required to furnish milk in proportion to the stock held by them, the directors having authority to refuse any or all milk in excess of this proportion.

The Springfield coöperative milk association of Springfield, Mass., is also quite successful, returning the farmers an average of three cents per quart net for all milk they furnished in the year 1890, besides returning clean cans. This is much better than the average price received by those who shipped milk to Boston or New York during the same year. The Springfield association handles 2,500,000 quarts of milk and the Syracuse company upward of 3,000,000 quarts annually, with cream, butter and cheese to correspond. The saving to farmers is from one-quarter to one cent per quart, to say nothing of many other advantages.

An attempt is now (1891) being made to organize a similar company for the control of the New York market. Its name is the Union milk company, C. C. Smith, of Meadow Brook, Orange County, N. Y., being the secretary. A similar project has been much discussed by the New England milk producers' union, of which J. D. W. French, of 160 State Street, Boston, Mass., is the president. The Chicago Milk Shippers' Association, which began business May 1, 1891, has a similar purpose; its principal executive officer is F. E. Cox, of Nunda, Ill. Philadelphia shippers are also getting together. Edwin Satterthwait, Stall 300, Twelfth Street Market, Philadelphia, and S. B. Larzelere, of Doylestown, Pa., are leaders in the movement. Milk producers and shippers interested should apply to these parties for further information about their respective methods of operation.

CHAPTER VII.

COÖPERATIVE FIRE INSURANCE.

The Old Plan too Expensive.—Ordinary fire insurance in the old line stock companies costs too much. Such companies in the United States and Canada receive in the aggregate about $100,000,000 annually for the insurance they carry. The average aggregate losses paid by them during the past six years have been only a little over one-half of that sum. To be exact, for every $100 received by these companies for premiums or fees for carrying insurance they have paid for losses on the average for the past six years $53.30. This has left a balance of $46.70 out of every $100 paid to the companies for profits and to defray the cost of conducting the business. This statement is exclusive of the business done by the great majority of mutual and coöperative insurance companies among farmers. Beyond question the system is wrong which compels the public to pay just about twice what insurance actually costs. Forty-seven per cent is an exorbitant charge for the expense and profits of insurance. Of this, fully ten per cent is the average present return on the capital invested (in former years the profits have averaged from eleven to as high as fifteen per cent); at least fifteen per cent goes for local agents' commissions, and the remaining twenty per cent pays the salaries, rents and other expenses of the business as now conducted. This is too much for the public, and especially for farmers, to pay.

We are not alone in this position. The Insurance Commissioners of several States have repeatedly urged

the same thing. Particularly is this true of the Massachusetts insurance reports. As Superintendent Tarbox said in his report for 1885: "The too great cost of insurance challenges the attention of a frugal public. We pay too much for insurance protection. Plainly, it should not—as for a quarter of a century it has—cost the people of this country a hundred million dollars and more to protect themselves by insurance against sixty million dollars' loss of property by fire."

While on the average, forty-seven per cent of the money paid the old line companies goes into profits and expenses, in some States and in some years the proportion of profit is much larger, and again it may be much smaller. Occasionally the losses in a State exceed the premiums paid therein in the same year. And during the past year or two some companies have made small profits owing to the extraordinary fire losses. But the general statement is incontestable that insurance costs altogether too much.

Farm and Town Mutual Insurance Companies.—The exorbitant cost of insurance has led farmers in some States to organize coöperative or mutual companies in which to insure themselves. Pennsylvania was the first State to adopt this plan, and some of her farm mutuals are more than half a century old. Michigan has had a good system of farm mutuals in operation for twenty-five years, and Minnesota, Wisconsin, Iowa, Illinois and Ohio have since adopted it or something similar. The practice is quite extensive also in New York, New Jersey and Maine, but in most other States it is comparatively unknown. In not a few States it is unlawful to practice such business. In Texas, for instance, some mutuals organized to insure gin-houses have been closed up by the Attorney-General, although the Patrons of Husbandry of that State have a small company with $135,000 of insurance (1888). In Missouri, a mutual

can do business only when it has a guarantee fund of $50,000, or with premium notes for $100,000 with thirty per cent thereof paid in cash. Louisiana law prohibits anything like coöperative fire insurance. Dakota requires a capital of $100,000. Utah has no farm mutuals, though the Mormons have a system of mutual insurance. Anything like farm mutuals is comparatively unknown in North Carolina, Virginia, West Virginia, Tennessee, Rhode Island, Colorado, Alabama, Florida, Georgia, Indiana, Idaho, Indian Territory, Kentucky, Kansas, Maryland, Mississippi, Montana, Nevada, New Mexico, Oregon, Washington and Wyoming. New Hampshire had a grange fire insurance company some years ago and has recently revived it. Vermont has a similar company, but it is not patronized as it should be. The Massachusetts grange has one company covering the whole State, and so has Connecticut, the law of both States requiring $500,000 of applications before a company can issue policies; these two companies are operating very auspiciously. Nebraska has only one coöperative farm company, and the State laws do not encourage such. Michigan has by far the best code of laws in existence regarding farm mutuals, which should be adopted in every State. Under such laws, success is absolutely certain, with competent and faithful officers and a prompt paying membership.

Some of the community sects, like the Shakers and Mennonites, have insured themselves for years. Indeed, the various Mennonite mutuals in this company seem to have sprung from the Tiegenhoff Fire Insurance Association in Prussia, which originated in 1623, and has been in continuous existence ever since. The coöperative idea is successfully practiced by many city and town mutuals, being equally applicable to them.

The General Principle of all these Mutuals is to insure the property of members for stated periods, exact-

ing a small fee only in advance for the simple expenses of printing, secretary's services, and cost of examining risks, also a note for a certain per cent of the amount of the policy or premium, which note carries no interest and is payable in installments as demanded. Whenever loss occurs, an assessment to pay it is levied upon these notes pro rata. Thus the patrons of these farm mutuals pay only the actual losses by fire, plus a moderate sum for actual expenses. Some farm mutuals make their fees sufficient to accumulate a reserve fund, which properly administered adds much to their stability. This is objected to by others as liable to cause extravagance in management or losses in investments. But it gives the mutual a means for regulating the cost of insurance, thereby making one five-year policy cost about the same as in another five years. This is more equitable for the insured, and also makes it a greater object for them to renew their policies. We decidedly approve of a small reserve fund, and would make the fees sufficient to accumulate it.

Insurance companies on this general plan have proved remarkably successful, greatly reducing the cost of insurance to their patrons in the States named, as will appear from the following facts and experiences, which are substantially unchanged to-day: It is believed that the average rate charged in 1889 for insurance on farm property, including both houses and barns, was at least one and one-fourth per cent, or $12.50 per $1000 for five years (equal to $2.50 per year on each $1000 of insurance), in the States west of Pennsylvania and New York. In the Eastern States, the average farm rate is assumed to be one per cent, or $10 per $1000 insurance for five years (equal to $2 per year on each $1000 of insurance), except that in Maine it is one and one-fourth to one and one half per cent. Of course, higher and lower are obtained, but the following estimate errs, if anything, in being too low:

Average Cost Per Year for Each $1000 Insurance.—The average of the farm mutuals has been compiled with great care from the insurance reports of the respective States, supplemented, where necessary, by additional data collected from the secretaries of companies of this character, to whose painstaking reports is due much of the value of this chapter as an exposition of the whole subject of coöperative insurance among farmers. The total earnings show the amount saved on the insurance carried by the mutuals; thus a gain of $1.01 per $1000 of insurance saved $10,990 on the $10,882,000 of insurance in the twenty-nine Maine mutuals, and so on:

COST OF COÖPERATIVE AND STOCK INSURANCE.

No. of Mutuals.	*Cost for $1,000 Insurance in one year, 1887.*	*In Stock Companies*	*In Farm Mutuals.*	*Saving per $1,000 Ins.*	*Total Savings in Farm Mutuals Ins.*	*Amount at Risk in Farm Mutuals.*
29	Maine	$2.50	$1.49	$1.01	$10,990	$10,882,000
8	Connecticut	2.00	1.20	0.80	5,984	6,373,306
77	New York	2.00	1.23	0.77	67,314	87,422,468
195	*Pennsylvania	2.00	1.50	0.50	525,000	105,000,000
91	†Ohio	2.50	1.47	1.03	72,732	70,614,626
160	Illinois	2.50	1.56	0.94	57,675	61,357,755
72	Michigan	2.50	0.88	1.62	252,722	156,001,365
101	Iowa	2.50	1.68	0.82	39,769	45,258,000
152	Wisconsin	2.50	1.78	0.72	62,296	89,299,705
55	Minnesota	2.50	0.92	1.58	21,567	13,650,496
940	Totals and averages	$2.35	$1.37	$0.98	$1,116,049	$645,859,721

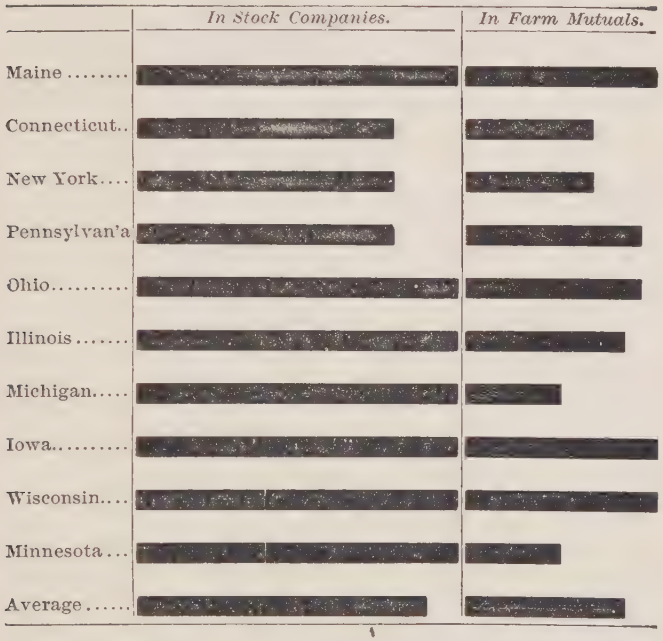
*Of the 195 Pennsylvania mutuals, many insure other than farm property; the estimate is based on the experience of twenty farm mutuals fairly selected. At least one fourth of the $420,000,000 of Pennsylvania mutual insurance is believed to be exclusively on farm property.

†The average excludes city, live stock and plate glass mutuals.

Progress of the System.—Since the foregoing data were collected in 1887, there has been a steady increase in the number of coöperative insurance companies and the amount of insurance carried has been constantly increased. Contrast the amount at risk in the New York mutuals three years ago,—$87,422,468,—with the following statement from the committee on coöperative fire insurance to the New York State grange in February, 1891:

The reports from companies show that December 31, 1890, there were in force 53,802 policies, covering risks to the amount of $101,102,812,—a gain of about $10,000,000 since the report of 1889, indicating a healthy condition. The amount reported for expenses for the last three years is $122,537; for losses, $250,274, showing a saving of about fifty per cent over insurance in stock companies, or in other words over $100,000 per year, which is no insignificant sum, considering the stringent times of money among the farmers for the years our report covers. But a still greater consideration than any financial advantage has come through our system of coöperation. Farmers have been taught self-reliance and have demonstrated through these associations that they are able to look after their own affairs instead of delegating them to that class which by common consent has always been called business men. Patrons have shown that they were business men as well as tillers of the soil. Your committee would also call your attention to the fact that each succeeding year demonstrates, and more clearly proves, that in every county where the insurance has been restricted to the Order, there it has been a great source of strength and support to the Grange. And in every instance in which it has been allowed to go outside, the effect has been to demoralize and weaken the Order. Your committee would further report that five companies have been organized during the past two years and now show risks of over $2,000,000, and are in a very healthy condition. The committee now, as one year ago, would urge upon this body the importance of encouraging these organizations by every possible means, believing that they are strong and faithful allies of the Grange."

Cost Per Year of $1,000 of Insurance.



The Savings of Coöperative Insurance.—The above tables make a flattering showing for farm mutuals for a single year, indicating a saving by 940 coöperative companies in ten States of over one million dollars annually. But what are the facts in a long period? We will cite from two States whose records are quite complete:

Michigan Farm Mutuals.

	1865.	1875.	1880.	1887.
No. of companies	24	38	51	72
No. of members	16,585	47,254	76,016	93,877
Risks in force	$27,745,779	$92,204,349	$129,812,108	$156,001,365
Assessments levied	27,480	157,917	209,833	149,651
Losses paid	20,345	126,783	188,652	247,482

Illinois District, County and Township Mutuals.

	1873.	1880.	1887.	*Totals (1873-87, Inclusive).*
No. of companies	30	134	160	.....
Risks written during the year.	$3,497,990	$9,177,095	$14,277,158	$132,629,802
Risks in force Dec. 31	8,891,632	32,764,232	61,357,755	515,578,997
Expenditures for losses	15,930	19,859	68,130	488,730
Total expenditures	22,526	35,855	95,666	723,475
Per cent of losses to risks in force Dec. 31	18	6	11	(*Av.*) 9
Per cent of expenditures to risks in force Dec. 31	25	11	16	(*Av.*) 14

The expenditures, other than losses, have been thirty-two per cent of the total paid out by these coöperative companies. In stock companies, from forty to sixty per cent of the receipts go for expenses other than losses, averaging forty-six per cent.

The Cost in the Mutuals.—The average cost for insurance in the Michigan mutuals for twenty-eight years has been less than $1.50 per $1,000 of insurance per annum; in the Illinois mutuals, $1.40 per year for fifteen years. This is a saving of from thirty to sixty per cent or more over the rates of stock companies during the same period, which formerly were much higher than at present on farm property. At a low estimate the farm mutuals have saved their patrons:

In Michigan, in twenty-eight years	$3,500,000
In Illinois, in fifteen years	775,000
Total savings in two States	$4,275,000

In other words, to have insured their property in the old-line companies to an equal amount for this period would have cost the patrons of farm mutuals in these two States over four and a quarter millions of dollars more than they have had to pay. If all farms insured in these two States had been carried in farm mutuals, the savings would have been very much larger. The average savings of nearly 1,000 of these mutuals, so graphically given on the preceding page, are still more suggestive.

The conspicuous facts to be emphasized are that about one thousand farm mutual companies are in successful operation in ten States; second, that they carry insurance on farm property to the amount of six hundred and fifty millions of dollars; third, that this insurance cost the farmers one million dollars a year *less* than if it had been carried in the old-line companies at the average minimum rates; fourth, that this enormous

FIG. 21. ELEVATION OF A WHOLE MILK RECEIVING CREAMERY.

annual saving is the rule and not the exception. The experiences of the past four years further confirm these statements.

The Perils of Coöperative Insurance.—But there is a dark as well as a bright side to the picture, and a candid man should look at both. In a few cases farmers' mutuals have failed. An instance of this kind occurred in one of the Eastern States. The company was organized twelve years ago as a grange company. No policies were written outside of the Patrons of Hus-

bandry for several years. But after securing what good risks could be obtained in the Order it was thought best to accept selected risks from outsiders, to increase the amount insured, and reduce the percentage assessed in case of loss. This was not an unwise step, for the facts show that the losses by fire were greater in proportion to the amount insured inside of the Order than outside. The insured gave a premium note for two per cent of the amount of the policy. The nine directors were the company's agents. One of them writes:

"After several years of prosperity our policies increased to more than $500,000. They were written in the finest farming sections of the State and great care was exercised in taking only the best farm risks and at not more than two-thirds of their value. No losses of any amount occurred until about four years ago, when a large fire necessitated a large assessment. From that time our fortunes changed. Fires came—honest fires, not over-insured—largely within the Order of Patrons, and of course assessments followed, until we found, a year or two since, that we had assessed nearly all that was due on the premium notes so that a fire of $2,000 would take all there was available. Not thinking it safe to continue business with so small a margin with which to pay losses, we canceled all policies after making an assessment to pay all demands. The average cost for insurance per year while the company existed was $3.49, or at the rate of $17.45 for $1,000 insurance for five years, while the stock rate probably would not exceed $15 in the same time. In our company no errors were committed. There was no dishonesty anywhere. Our directors were farmers of strict integrity, good judgment, and a majority of them had held public positions of trust requiring business qualifications. We had as good farm buildings as can be found in the State. Care was exercised at every point. Why we met with reverses I cannot answer.

Insurance is a game of chance to a certain extent, and no calculations can be made with any degree of certainty. The fact is, more farm buildings are being burned than formerly. In my judgment, no company can live long that has only farm risks. Some are doing well now, but stern facts lead me to believe that their foundation is far from being secure. My ardor for mutual insurance, particularly among farmers, has somewhat cooled, and the record in this State is not flattering enough to warrant great confidence in its stability."

One or two other mutuals in the same State are now languishing, but most of them are very strong and popular, and are saving their members much money every year. Some of the most enthusiastic supporters of farm mutuals are in this very State, and base their judgment on twenty to thirty years' experience in their own mutual or coöperative companies.

The Mistakes of Coöperators.—We should be derelict to our readers' interests, however, if we failed to point out the mistakes from which not a few farm mutuals have suffered in a long and often costly experience. Over-valuation is perhaps the greatest curse of all insurance, and is to be specially guarded against in coöperative farm mutual companies. It is the most prolific cause of "spontaneous combustion." Combine bad risks with over-insurance, so that it will handsomely pay the insured to realize, and bad losses to the company are sure to result. No policy should exceed two-thirds of the actual value of the property, so that the loss will be at least one-third. It is true that by allowing a larger sum than the local mutual, the agents of the stock companies often get this class of insurance. They protect themselves by paying only the actual value of the property when it burns. But a farm mutual has no business taking such risks at all.

The Most Careful Inspection of the property to be insured is the first thing to secure. Nothing pays bet-

ter. Here is the prime safeguard against loss, and therefore one of the foundations of success. No personal, social or financial relations between the inspectors and the applicant should lead a company to insure a house so constructed or occupied that its chances of being burned are greater than usual. The policy must be so strongly framed as to protect honest members against incendiary fires. Practical and honest adjusters of losses are also indispensable. The true spirit of coöperation should be aimed at, so that, to use the words of the North Yarmouth, Me., farm mutual, "when we have a fire, the assessment does not seem like paying a tax, but is more like a subscription to help an unfortunate neighbor." The following tersely stated causes of the demise of a village mutual are enough to wreck any company, and farmers' mutuals should be on their guard against them. "The officers were men of no practical experience in business. The first epidemic of fires in the village broke up the company. It insured everything, and had quite a uniform rate. Its management showed an entire lack of knowledge of the business. It was no precedent for anybody. Its records were decidedly defective. It cost as much as stock insurance and wasn't half as safe."

Unbusinesslike Management.—Too large a sum in one exposure, or risk, has been a fertile cause of losses. While the property in such cases may not be over-insured, it is too great a risk for one company to take. Some companies have also erred in making losses payable to the mortgagee, thus adding another and uncertain element to the moral hazard. Failure to allow for depreciation in the value of buildings is a common cause of over-insurance, the evil increasing each year that the policy runs. "A large part of our losses," writes a manager, "have been second-class buildings well covered by insurance." The frequency with which this state-

ment is made in the many reports on which this chapter is based shows the necessity of emphasizing this point. It is mainly for this reason that the Pennsylvania system of perpetual policies is a wrong one. We quote further actual experiences of great value to all interested in the practical application of mutual insurance among farmers.

Says the manager of one of the largest Illinois mutuals, which is now quite successful, carrying about two millions of insurance:

"The farmers who started the company were successful in finding general support, but made a great many mistakes owing to their inexperience. The first great mistake was in not regularly organizing under the State law. Another mistake was in not being careful enough in taking risks. Another error was the rule to collect fifty cents on one hundred dollars for the first five years, and nothing thereafter until the losses and expenses should exceed the income; with light losses, this led to a large surplus, which was loaned at interest, but on poor securities, by which much was lost. The company had to reorganize under the State law in 1883, assuming the risks and assets and partly the mistakes of the old organization. But as only new members were assessed, the income is not increased every year. So an assessment was ordered, which caused some dissatisfaction. The company also paid the expense of re-insurance at the end of each five years, which amounted to nearly half of the expenses, and afforded no income. It is believed that the company has done right, however, in ordering the assessment, so as to have money enough on hand to pay losses when they occur, as assessments for losses after they occur sometimes are slow in being collected and make dissatisfaction."

Apropos of the concluding suggestion above, the secretary of one of the many successful local mutual companies in Minnesota writes: "One of our mistakes was

in not placing the membership fee higher so as to secure sufficient funds to enable us to pay losses as they occur, thus avoiding the delay of making and collecting an assessment. Our fees for membership were placed at $1, and a policy fee of $1 for each $1000 insured, which we have increased to $1.50." This opinion is generally con-

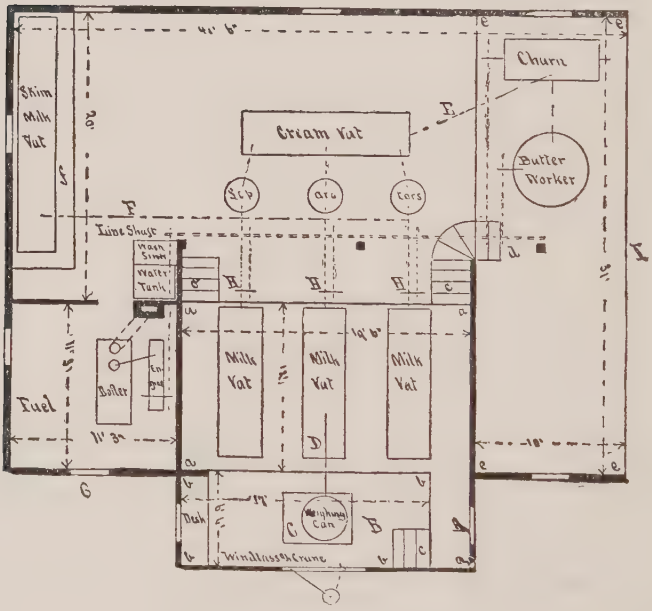


FIG. 22. FLOOR PLAN OF WHOLE MILK CREAMERY.

curred in, and with proper management has everything to commend it. Thus Secretary F. A. Allen, of the Androscoggin Patrons' Mutual, one of the Maine companies with one and a half millions of insurance, testifies: "Our cash premium should be ten per cent instead of three, as at present, thus saving the expense of a large number of assessments."

On the other hand, D. Foglesonger, of the Newbury (Pa.) company, says: "We don't keep a large amount in the treasury to tempt the officers, a mistake which I think some mutuals have made. We have always been able to pay all losses promptly. Perhaps our only mistake was in paying some losses a little too promptly, and not investigating more into the motives of the parties wanting insurance." The most serious mistake of the Lancaster County (Pa.) company, in the opinion of Secretary A. V. Newphes, was in 1878-9, when "our company had a debt and heavy losses, and a large number of insured were permitted to withdraw without paying any part of the debt or losses during the life of their policies, whereby the whole burden was cast on those who remained loyal to the company."

Other Experiences.—There is much to be gained by all present or would-be farm mutuals in profiting by the experience thus freely given. But it should be stated that this includes the most serious mistakes reported. Under this heading the following is a fair sample of many reports:

L. S. Lichtenwollner, Secretary Farmers' Union Mutual, Trexlertown, Pa.: "We seldom sue the few members who are in arrears. Generally they have five-year policies, and we cancel them when their policies have expired. We now have insured $15,343,640."

I. P. Sterret, Secretary of the Warren (Me.) Farmers' Mutual: "The only mistake we made was in not organizing twenty years sooner. Our experience shows that town mutuals are very favorable for the insured, while the experience of mutuals extending over large territories has been unfavorable. It has cost less than one-fourth as much in our company as in stock companies. Our company being small by reason of its limited territory the amount taken on any single risk is also small, not exceeding twelve hundred dollars, yet we have $158,597 on farm property in this small town alone."

A. J. Sweezy, Winnebago County, Ill.: "We have never had any litigation, and very few have been dilatory in paying assessments, and such usually drop out when their insurance expires. Our members feel a mutual interest and usually pay assessments as promptly as they would any legal notes. The average cost of insurance for the past ten years has been $1.35 per $1,000 annually, against $2.50 and more in stock companies."

J. Schmelzer, Olmstead County, Minn.: "Our company is confined to Germans. It was started in 1882, in the face of great opposition by the agents of stock companies, who told all sorts of lies about us. Not a few believed those agents and mistrusted their real friends, but in the third year they began to see their folly and came in with us, so that we now have $660,000 of insurance, of which nearly $200,000 was written last year. Over four hundred members paid their first assessment this year, and the cost of insurance for six years has been only four dollars and twenty-five cents, or an average of seventy-one cents per annum for one thousand dollars."

How to Organize a Coöperative Fire Insurance Company.—In the first place, two or three individuals should thoroughly interest themselves in the subject. Send to your State Commissioner of Insurance for the insurance laws and reports, also to some of the coöperative fire insurance companies mentioned in the Appendix, and obtain their reports, by-laws, forms of policy, etc. After studying these, ask for precise information desired on any further points from those who have had successful experience in this line. In writing for this purpose, always inclose stamps.

A little effort in this way will post one up quite thoroughly on the subject, when the matter should be talked up among the people to be interested, after which a meeting may be called and the matter laid before them in a simple and direct way that they can understand.

To this end the preceding chapters or a summary of them may be read to the meeting. This meeting should appoint one or two committees composed of the best informed members to report a plan of organization and management at an adjourned meeting, the date of which should be positively fixed so as to avoid delay and give people confidence that the affair means business. This committee should obtain from the State Commissioner of Insurance full particulars about the State laws and advice about the best method of procedure; and may correspond to advantage with other coöperatives enrolled in the Appendix.

After the preliminaries of a plan have been decided upon, a lawyer should be employed to frame the details legally. Great care should be exercised in this respect to start right. Comply not only with the law, but take advantage of the experience of other companies as related in the preceding pages and in their reports. The company must be a legally organized corporation, established upon a thoroughly business basis,—not a mere voluntary association without any standing in the eye of the law. Adhere strictly to this principle or make no attempt. Many a mutual has failed disastrously because, after doing business for years, it was found that the charter and by-laws were so loosely drawn that members could not be compelled to pay assessments. The charter and by-laws will vary according to the legal requirements of the different States and local necessities. An excellent form of by-laws is that employed by the Michigan farm mutuals, which is given in the Appendix.

Confidence Must be Established at the start and constantly maintained, or failure will surely result. Confidence cannot be had unless every member appreciates that insurance involves an inviolable legal contract between the member and the company; and a moral contract of self interest between all members to help

each other by care to reduce danger from fire to a minimum. Where the State laws require a large amount of risks or considerable paid-up capital before a mutual or coöperative company can do business, the work of organizing under such laws is more complex. But where town districts or county mutuals are permitted, as is the case in many States, it is a very simple matter. There are many advantages in confining operations to a reasonably small district, where the insured are personally acquainted, thus avoiding fraud and securing economy, but the territory must be large enough to give sufficient insurance to make the risk light.

Officers and Meetings.—Having adopted the by-laws and secured a charter in compliance with the law, it would still be easy to go wrong by choosing inefficient officers. Responsible men in whom the public have confidence should be selected,—not necessarily highly educated, but men of sound judgment and a reputation for integrity as well as intelligence. The secretary is the most important officer, as he keeps all the records, does all the correspondence, and all the money passes through his hands. He should be a man (or woman) of education, able to keep the books and accounts accurately, thoroughly honest and heartily interested in coöperative insurance. Such men can be found in every locality.

Frequent meetings of the directors and officers are advised, with full and explicit reports to members, so that every one may know just where every dollar goes to. The coöperative principle of giving every member full opportunity to know the entire business of the company should be heartily recognized. In this and other ways the insured will maintain their direct personal interest, which will lead them to constantly recognize that they themselves are the company. Prompt adjustment of losses, especially of small losses, does much to maintain confidence. The inspectors and adjusters should be

prompt in all such matters. But members must be equally prompt when assessments are called for.

With good management there will be no delay in collecting assessments, and they will be very infrequent. Never borrow money to pay losses. Coöperative insurance, like coöperative distribution, must be managed on a strictly cash basis. Several disastrous failures in farm mutuals, especially in the West, have been due to borrowing money to pay losses one year, hoping that next year's income, without any series of fires, would even the thing up and make an assessment unnecessary.

Live Stock Insurance.—The difficulty of identifying insured stock, and thus preventing fraud, is such that coöperation is much more complicated on such insurance than on real property. The addresses of a few mutuals that make a specialty of insuring live stock are given in the Appendix, from whom more particulars can doubtless be obtained.

Life Insurance is practiced more or less coöperatively to such an extent by existing fraternal and mutual societies, and is so much more complicated and governed by special laws that no attempt is here made to treat it in detail.

CHAPTER VIII.

COÖPERATIVE BANKING.

Building and Loan Associations or Coöperative Banks.—These have met with tremendous success in the United States. Originating in Philadelphia, they have spread to most of the larger cities of the Northern and Western States. They have quite largely supplanted or preceded the old-fashioned savings bank. In Pennsylvania the people have saved upward of $60,000,000 through their 1,000 coöperative banks, and miles of Philadelphia streets have been built up by the same agency. Nearly 100,000 homes in that city have been paid for through this system. Chicago has many such banks, with over $15,000,000 of deposits. Massachusetts took up the idea only a dozen years ago, but has over 100 coöperative banks already, and about a dozen are being organized in that State annually. New Jersey has 250 coöperative banks, with $22,500,000 of savings up to 1891. Michigan has 200. In New York 375 out of 400 associations reported to the State banking department 105,000 members, with loans of over $20,000,000, while the face value of the shares subscribed for is over ten times as much, and their receipts in 1890 were over $14,600,000. New York, Ohio and Pennsylvania at least each have a State league of coöperative banks which have been instrumental in securing wise laws to protect coöperators in saving and to foster their interests, especially by exempting from taxation the shares and loans of such banks or building societies. Similar leagues are organizing in other States.

The growth of the local coöperative bank is best shown by the fact that the authorized capital of an incomplete list of such enterprises, started between April 1, 1890, and May 1, 1891, foots up the enormous sum of $500,000,000. The average authorized capital being over $1,000,000 shows that about 400 coöperative banks are being organized annually in the United States. This capital is usually made up of shares of $200 each, payable one dollar a month, so that but a fraction of the authorized capital (only one two-hundredth) has to be paid in at the start.

Possibilities of Coöperative Savings.—"Bradstreet's" is authority for the statement that the aggregate resources of the savings associations of the country are nearly sixty per cent of the entire assets of all State, saving, loan and trust companies and private banks and bankers from which reports were received in 1890. Their deposits were less than ten per cent below those of the national banks, and were more than twice as large as the total capital stock of the national banks. With this true now, when ordinary savings banks are practically confined to a small section of the country (only 637 purely mutual savings banks being represented, of which all but eleven are in the New England and Middle States), what will happen when the new form of coöperative savings bank gets its growth throughout the Union?

Because so easily organized and so inexpensively managed, the coöperative bank is specially adapted to communities not sufficiently peopled to support a "regular" bank. As W. H. Durock says: "One who enters an association, having for its mission the systematic saving of so much money periodically, enters a confraternity in which he stands on an equality with every other man; he is not a client of the institution, he is part of it; he has a voice and a vote, and is expected to use both when

occasion requires; he shares in the whole profits; and the manner in which those profits shall be divided, the majority may determine from time to time; as economical management aids profits very appreciably, he helps in the work and keeps expenses down; he takes a pride in his own association and brings it to the notice of others; he may not get his money out as promptly as he would in a bank, but he never suffers any by the necessary delay."

How the New System Operates.—The building and loan association, or coöperative bank, is nothing more or less than a savings bank. It differs from the institution ordinarily known as such in the technical details of the borrowing and lending of money. Its depositors agree to make their deposits regularly and by what is called a purchase of shares, indicating how large they mean these deposits to be. The bank lends only to depositors—lends to the highest bidder, provided the security is good, and secures by the share system repayment on the installment plan. This makes it both easy and compulsory for the borrower to pay up his loan. The avowed purpose of these associations is to aid home building. They could not well turn their investments in other directions without losing much of that which has deservedly attracted the popular fancy. Naturally their success is greater in the Central and Western States, where the building of homes is more active than in the older States.

Even if the regular savings banks should adopt the coöperative plan of receiving deposits and making loans, the coöperative bank would continue its superiority. It is conducted in the main by people who give it their time for nothing, or rather, without money return. The bank meets but once a month in some room or hall, where settees and a small safe are all the necessary furniture, and therefore saves in the matter of rent and fix-

tures. It has a decided hold on its depositors in that they really control and manage it. The people feel that the ordinary savings bank is apart from and above them; they suspect its directors are making something out of it. There is more democracy in the coöperative bank, and even "Bradstreet's," the representative of the prevailing commercial system, admits that, "in these respects the newer institution is more admirable than the savings bank, and there have been few instances where the trust thus put in the people by each other has been abused."

The Economy of Coöperation.—It will be seen from the two paragraphs immediately preceding that a coöperative bank can be managed with exceeding great economy. The total amount paid for salaries, rent and other expenses by fifty-two local associations in New York was 1.8 per cent of the receipts, some doing the business at an expense of only one-half of one per cent of the income. In New Jersey the expenses of 242 associations for the year ended June 30, 1891, averaged $384 each, of which $294 went to pay for salaried officials. This is a remarkably good showing for economical management, since the business transactions for the year averaged nearly $400,000 per bank and the net assets averaged nearly $100,000 per bank. In no other system of handling or investing money are the expenses reduced to so small a sum.

The Bank Feature of Coöperative Societies.—It will be seen that the coöperative bank or savings and building association has no functions that cannot be equally as well carried out by the coöperative society on the Rochdale plan. In fact, many of the English societies now have building departments, which are conducted in the manner set forth in the rules of the Rochdale society as printed in the Appendix. Until a coöperative store or society builds up a large business, however,

it can doubtless employ the savings of its members more profitably in its own business. The more the members invest their savings in the society, the greater the capital and the more it can do. The coöperative store is thus, in one sense, the best kind of a savings bank. Unless coöperators fully understand the matter, it would be best to operate the building association independently of the store, though the two can be readily united where State laws or a special charter permit.

The National Associations not Indorsed.—These coöperative banks should not be confounded with the so-called "national" building and savings fund associations. The latter we do not recommend, as they require a great number of agents, and their expenses are more than one-fourth of their income. In some notorious instances, the greater part of the receipts of certain "nationals" have been absorbed in salaries for the promoters, and what money was left was loaned to the same parties or their friends, who failed to pay and the concern "failed." The coöperative bank should be a local affair managed by members directly, and in this way its expenses need not be more than from one to two per cent of the income, or even less. The expenses should be met by a small annual due, instead of coming out of the regular payments.

Not wishing to unduly prejudice the reader against "nationals," of which there are now (June, 1891) 200 in the United States, we add the argument made for them by their organ—the National Building and Loan *Herald*: "The primary idea of the national association is to utilize the surplus of one section, where interest rates are low, to build up another section where money is scarce and interest rates correspondingly high. The local association might do this if it would employ agents to sell its stock, but the locals have not as yet shown that they possess the necessary meed of enterprise.

Many locals sell a good deal of their stock abroad, but they make their loans at home where they can hold their thumbs on them and see that the realty does not fluctuate in value or get up in the night and slide off. The main advantage of a local over a national is the opportunity to 'watch the risk.' In a national association the risks are distributed so that no great loss could occur from any other contingency than the total destruction of the Western Hemisphere. It has been persistently urged that the conditions which have contributed to the success of the local associations furnish no criterion of similar success for the nationals. This is granted in advance. The national movement meets dissimilar conditions and must carve out its own good or ill fortune; but there is no reason why the nationals should not profit by the experience of the local associations, and avoid their blunders as well as emulate their successes. Experience has demonstrated the vulnerable points of attack to be three in number: 1, The opportunity for irresponsible and unprincipled men to engage in the business; 2, losses incurred from loans made on insufficient security or from depreciated values; 3, the expensiveness of the plan as a permanent obstacle to national success." The *Herald* then proceeds to answer these objections to its own satisfaction.

Another Strong Point for coöperative banks over the old line savings institution lies in the fact that the money thus accumulated is employed by the working people themselves to advance their own interests, either in home building or productive effort of some kind. On the other hand, the deposits made by the working people in the old line savings banks are very largely borrowed by business men and corporations and used to increase the business and profits of capital. In this way the working people furnish money to the capitalist instead of utilizing their savings themselves.

The Rent Pays for the Place.—We by no means object to the old line savings bank, nor to this use of its funds, which has done much to build up the industries and manufactures of our Eastern States. But we regard the coöperative bank as an advanced step in enabling workers, in city or country, to more directly benefit by their own savings. For farmers, as well as city residents, can utilize the coöperative bank principle to save money or pay their debts. The payments for shares and interest can be made quarterly or semi-annually, to adapt them to the farmers' most convenient time for making payments. The sums paid will be easy to meet; the principal is whittled down with each payment, and the loan paid off in ten or twelve years, according to the rate of interest received.

By this system, the success of which is assured, the rent of a house or farm pays for it in ten or a dozen years. This system enables the poor man to own his house or farm instead of renting it. By the old system the many pay rent for the benefit of the few; through the building and loan association the many combine together to put the rents into their own pockets, and thus wipe out their indebtedness in rotation.

How to Start a Bank.—As in organizing any other coöperative enterprise, a few people should first become thoroughly acquainted with the whole subject of coöperative banks or loan associations. This special phase of associated effort is treated very completely in Mr. Dexter's manual, and the other literature referred to in the Appendix, which should be consulted. Correspond also with some of the coöperative banks mentioned in the Appendix. Carefully look up the law in your own State as to such institutions, changing the model by-laws given below to comply with such laws.

Here, as in other coöperative enterprises, take care to start as a legally incorporated society or corporation.

This is specially advisable with so important a matter as a bank or building association. After having got a pretty thorough insight into the scope and operation of the coöperative bank, the matter can be talked up in a quiet way among the most thrifty and substantial working men, including some of successful business experience and established standing. When a few such men have once got interested, it will be easy to get out a good attendance to a meeting to discuss the matter, appoint committees to make further investigations and report a definite plan of organization. The same rules as to character and efficiency of officers hold true with banks as with insurance companies or coöperative stores.

Model By-Laws.—The following are the by-laws of the Berean coöperative bank and building and loan association of Philadelphia, Pa. They were prepared by a committee of experts and are pronounced a model in the State where coöperative banks have been longest established. They contain more than is necessary, perhaps, and must be varied to suit the laws of other States, but fully explain the business of these societies:

Section 1. *Name and Object.*—The name of this association shall be called "The Berean Building and Loan Association," and shall have for its object the saving of funds from monthly payments of the members, and the investment thereof, or to be advanced or loaned to members desiring to borrow, to the end that the profits arising from the business thus transacted shall, with the monthly payments, largely reduce the number of months required to make each share worth its par value of two hundred dollars.

Sec. 2. *Stockholders and Capital Stock.*—The capital stock of this association shall be one million dollars, and consist of five thousand shares, of the par value of two hundred dollars, to be issued in one or more series, as the board of directors may determine.

Sec. 3. Stockholders of the association shall be citizens of the United States. Minors may hold shares by trustees, and women in their own right.

Section 4. Every stockholder or trustee shall sign these laws, by which he or she is obliged to the prompt payment of the monthly dues, premiums, interest and fines, and to the fulfilment of all obligations imposed.

Sec. 5. *Working Expenses.*—Each and every stockholder shall pay for every share of this association subscribed for, twenty-five cents

entrance fee, and shall also pay at each annual meeting such sum (not exceeding twenty-five cents per share) as shall be determined by the board of directors, to pay the working expenses of the association.

Sec. 6. *Monthly Dues.*—Each stockholder, for each share of stock by him or her held, shall pay one dollar per month in current funds, until the series with which he or she is connected shall have accumulated real assets sufficient to divide to each share the sum of two hundred dollars or its equivalent, based on a division of the profits, giving each dollar invested a like per cent per annum for the time of investment.

Sec. 7. *Fines.*—Any stockholder neglecting or refusing to pay his or her monthly dues, interest or premiums, as the same shall become due, shall pay the additional sum of two cents monthly on each dollar remaining unpaid.

Sec. 8. *Withdrawals.*—Stockholders who have not received loans may withdraw from the association after thirty days' notice given at a monthly meeting to the board of directors. They shall receive the amount actually paid in as dues, less all fines and other charges, and after the expiration of one year from the issuing of the series in which the stock is held they shall be entitled to the amount of their payments as dues, with such part of the profits as the directors may allow. Not more than one-half of the funds in the treasury shall be used to refund money on withdrawn shares, except by special order of the board of directors.

Sec. 9. *Loans* (amount per share).—Each and every stockholder shall be entitled to a loan of two hundred dollars for each and every share which he or she may possess.

Sec. 10. If the funds in the treasury admit of a loan, the money shall be offered at a stated meeting, and the stockholder who offers the highest premium shall receive the loan.

Sec. 11. *Premiums* (to be paid monthly).—The premium in all cases for priority of loan shall be the number of cents per share each month which the borrowing stockholder agrees to pay into the association, together with the regular dues, interest, etc.; and all bidding shall be done openly at the stated meetings of the board of directors.

Sec. 12. *Stock Loans.*—Any member may have an advance or loan, without real estate security, to the amount he or she shall have actually paid in as dues to the association.

Sec. 13. *Collateral Security.*—For each advance or loan of two hundred dollars per share to a member, at least one share of stock shall be assigned to the association as collateral security.

Sec. 14. *Limit to Bidding.*—The successful bidder may take the loan for one or more shares (not exceeding ten shares at one bid) at the same premium, but he may continue bidding if there be more money to sell. If there be not sufficient funds in the treasury, the balance may be supplied from the receipts of subsequent meetings. All successful bidders shall immediately submit a full description of the property offered as security, and such other information as shall be required, and shall secure the repayment of the said loan, with legal interest, by satisfactory bond and mortgage upon real estate in the city of Philadelphia, and with a policy of insurance for an approved amount.

Sec. 15. *Interest and Premiums to be Paid Monthly.*—The interest and premiums on all loans shall be paid monthly from the time of bidding for the same.

HOW TO SECURE A HOME.

THE OCCUPANT OF
THIS HOUSE IS PAYING FOR IT
THROUGH THE
CO-OPERATIVE BANK.

THE OCCUPANT OF
THIS HOUSE HAS NOT YET
HEARD OF THE
CO-OPERATIVE BANK.

FIG. 23. THE STRIKING ADVANTAGES OF COÖPERATIVE SAVINGS.

Sec. 16. *Time Allowed to Furnish Security.*—In the event of a successful bidder failing to offer satisfactory security for the space of one month from the date of purchase, the loan shall revert to the association, and he or she shall be charged with one month's interest on the loan, and all expenses attending the examination of titles, searches and writings.

Sec. 17. *Power to Compel Payments.*—If the dues, interest, fines, or monthly premiums, or either, which the stockholders agree to pay at the time of purchasing money are suffered to remain unpaid more than six months, the directors may compel payment of principal, interest, fines, and premiums by instituting proceedings on the bond and mortgage, or otherwise, according to law.

Sec. 18. *Forfeited Shares.*—The shares of any stockholder or trustee who shall neglect or refuse to pay his or her monthly dues or fines for the period of six months, may be declared forfeited by the board of directors, when the shares shall revert to the association. If such member has not received a loan on the shares, he shall be entitled to receive out of the first unappropriated money in the treasury the amount of dues paid into the association, in addition to the profit allowed withdrawing shares of the same series, after deducting all fines and charges on the same.

Sec. 19. *Change of Securities.*—In case of a stockholder wishing to change the security offered for his or her loan, he or she may do so without being compelled to repay the money to the association, providing the directors approve of the change.

Sec. 20. *One Series Kept Open.*—The directors shall keep one series open at all times for borrowing members, and in case a borrower requires a loan on more shares than were owned by him or her at the time of bidding, the requisite number of shares shall be furnished him or her, the borrower paying all back dues and assessments on such shares.

Sec. 21. *Sales and Substitution of Securities.*—Should any stockholder desire to sell a property on which the association has loaned money, transferring to the purchaser his right, title and interest in the loan granted on his shares, he shall be at liberty to do so, if he shall first obtain the consent of the directors to such sale or transfer. No such sale or transfer shall be made until all dues, interest and fines to which the association is then entitled shall have been paid; and the conveyance having been duly executed by the solicitor of the association, the purchaser of the property shall thenceforth become a member of the association, with all the rights, privileges and liabilities in respect to such shares of the member to whom the loan was first granted.

Sec. 22. *Purchase of Property.*—The board of directors shall have power to purchase at any sheriff's or other judicial sale, or at any sale, public or private, any real estate or property upon which the association may have or hold mortgage, judgment, lien or other incumbrance, or ground rent, when the interests of the association require it. They also shall have power to sell, convey, lease or mortgage at pleasure, to any person or persons whatsoever any property of which the association may become possessed.

Sec. 23. *When Mortgages May be Satisfied.*—When any sale shall take place of a property mortgaged to the association the board of directors

shall require the payment of all dues, interest, fines and premiums and charges owing to the association at the time of said sale, before satisfying the bond and mortgage against the property.

Sec. 24. *Property Committee Must Approve.*—No security shall be deemed sufficient until it has been examined by the property committee of directors and approved by a quorum of the board of directors.

Sec. 25. *No Loans Outside of Philadelphia.*—No loans shall be made on property outside of the city and county of Philadelphia.

Sec. 26. *Rate of Interest.*—The interest on loans shall be paid monthly at the rate of one-half of one per cent per month.

Sec. 27. *Unproductive Funds.*—In case the funds of the association should remain unproductive for one month the board of directors may make investments of the same in real estate, United States bonds or otherwise: Provided, however, that no such investment shall be made without the consent of at least two-thirds of the whole board of directors first obtained and expressed in writing.

Sec. 28. *Salary and Expenses.*—The salary of the secretary shall be fixed by the board of directors from time to time and paid monthly, and all other expenses for books, printing, etc., can only be made with the approval of the board of directors.

Sec. 29. *Loans may be Repaid in Driblets.*—Stockholders who have received one or more loans of $200 of this association can refund one or more of the same at any time.

Sec. 30. *Shares Pledged for Security.*—When a loan is repaid the share or shares originally transferred to the association as collateral security may be transferred to said stockholder, or may be withdrawn in the same manner as free shares.

Sec. 31. *Deceased Members' Stock.*—Upon the death of a stockholder, his or her legal representatives may assume the future payments on the stock, or may withdraw the same as other shares are withdrawn.

Sec. 32. *Reissue of Shares.*—New shares of stock may be issued in lieu of all shares withdrawn, forfeited, or which have reverted to the association.

Sec. 33. *Involuntary Withdrawals.*—The directors, whenever it shall appear necessary to make a reduction of the shares not loaned upon in any series as it approaches maturity, may by a two-third vote compel the redemption of shares in the series; but such redemption shall be made by calling in from each shareholder in the series, as may be necessary, pro-rated upon the number he or she may hold.

Sec. 34. *Officers and their Duties.*—The officers of this association shall be a president, vice-president, treasurer, secretary, solicitor and thirteen directors, who must all be stockholders, and who shall be elected at the annual meetings. In case of a vacancy occurring in any of these offices by death, resignation or otherwise, such offices so vacated shall be filled by the board of directors until the next election. All the officers shall continue in office until their successors are duly elected.

Sec. 35. *President.*—It shall be the duty of the president to preside at the meetings of the association and of the board of directors, and to sign all orders on the treasurer for the payment of money, when ordered by the board of directors, and to perform all other duties appertaining to his office.

SEC. 36. *Vice-President.*—It shall be the duty of the vice-president to assist the president in the discharge of his duties, and officiate for him in his absence.

SEC. 37. *Treasurer.*—It shall be the duty of the treasurer to receive all moneys paid into the association, and give receipts for the same to the secretary; to pay all orders drawn upon the treasurer by order of the board of directors, when signed by the president and attested by the secretary, and none other. He shall, for the faithful performance of his duty, give mortgage bond or other security to the satisfaction of the board of directors, and shall renew the same when required to do so by the board. He shall receive and hold in trust for the association all bonds, mortgages, and policies of insurance, etc., on all property on which money is loaned by the association, except securities given by himself, which shall be held by the president. It shall be his duty, when empowered by the board of directors, to give release and acquittance for all sums of money which shall be paid to the association upon any bond, bill, note, mortgage, or other security, and, if necessary, acknowledge satisfaction of the same on record; and he shall, at the expiration of his term of service, deliver over to his successor in office all moneys, books, papers, etc., belonging to the association that may be in his possession.

SEC. 38. *Secretary.*—It shall be the duty of the secretary to keep accurate minutes of the proceedings of the association and of the board of directors, and record the same in a book or books to be kept for that purpose. He shall keep accurate accounts with all the stockholders; attest all orders drawn on the treasurer for the payment of money when so ordered by the board of directors and signed by the president. He shall notify the stockholders of the annual and special meetings, and also notify the directors of their monthly meetings, at the expense of the association. He shall have in charge all the books and papers (except bonds, mortgages, and policies of insurance) belonging to the association, and deliver the same to his successor in office at least ten days before the next monthly meeting. He shall be prepared at all times to inform stockholders of the state of the financial affairs of the association, and at the yearly meetings furnish a detailed statement of the finances. He shall keep a record of all loans made by the association upon property where there is a prior incumbrance, and require members receiving such loans to produce the receipts for the interest on such prior incumbrances every six months, and within thirty days after such interest may be due, and shall notify the board of directors of any default on the part of the members thereof. He shall receive as compensation for his services such sums, payable monthly, as the board of directors may deem proper.

SEC. 39. *Board of Directors.*—The directors, together with the president, vice-president, secretary, solicitor and treasurer shall form a board of directors. It shall be their duty to meet statedly on the fourth Thursday of each and every month, at such places as they or a majority of them shall appoint, for the purpose of receiving from the stockholders their monthly dues, interest, premiums and fines, and to pay the same into the treasury; loan out the funds; see to their safe investment, and attend to the financial affairs of the association generally. The directors shall receive no compensation for their services. Seven members of the board shall constitute a quorum for the trans-

action of business. They shall make all laws for their own government not inconsistent with the charter and by-laws. They may appoint a competent conveyancer for the association, whose term of service shall be at the pleasure of the board.

Sec. 40. *Conveyancer.*—The conveyancer shall examine all title papers, and procure the necessary searches for property offered to the association as security for money loaned or otherwise, and certify the result in writing. He shall prepare all bonds, mortgages, agreements, and other writings of a legal nature to be given or taken by the association, and shall be entitled to receive from the party dealing with the association the usual customary compensation. All disputes as to the amount of his charges and disbursements shall be settled by the board of directors. It shall also be the duty of this officer to examine the descriptions of the properties advertised to be sold by the sheriff, and if there be any against which the association has a claim, to report the same to the board of directors immediately. He shall also be required to attend the monthly meetings of the board of directors.

Sec. 41. *Elections.*—All the elections of stockholders shall be by ballot. The polls shall be open from 8 to 9.30 p. m.

Sec. 42. *Right to Vote.*—Each stockholder who is personally present at an election has the right to cast one vote, regardless of the number of shares owned by said stockholder. No member shall be entitled to vote who has not been a stockholder at least one month.

Sec. 43. *Auditors.*—There shall be elected annually from among the stockholders (and not members of the board of directors), three auditors, to perform the duties usually devolving upon such officers, and to serve during the ensuing year. The directors shall have power to reward the auditors for their service.

Sec. 44. *Annual Meetings.*—The annual meetings of the stockholders shall be held on the fourth Thursday of February, in each and every year, at such place as the board of directors may designate.

Sec. 45. *Stated Meetings.*—Stated monthly meetings of the board of directors shall be held on the fourth Thursday of each month, at 8 o'clock p. m., for the purpose of receiving from stockholders the moneys due the association, loan the money in the treasury, and transact all other necessary business relating to the association. These meetings shall be open to the stockholders, and the minutes of the proceedings of the board of directors shall be open to their inspection.

Sec. 46. *Notice of Meetings.*—Notice of the annual and special meetings of stockholders shall be published by the secretary in at least two of the daily papers of the city of Philadelphia. Special meetings shall be at the written request of ten members, stating the time, place and object of such meeting. No business shall be transacted at special meetings, except that for which the meeting was called. Fifteen members shall constitute a quorum of a meeting of stockholders.

Sec. 47. *Nominations.*—At the stated meeting in January of each year nominations for officers of the association shall be made; and at the election to be held on the succeeding February, none but persons nominated at the said January meeting shall be eligible for election, and the candidates receiving the highest number of votes polled shall be declared elected.

Sec. 48. *Amendments.*—These laws may be altered or amended at an

annual or special meeting of the stockholders, and only by a vote of at least two-thirds of the members present; Provided, The amendment or alterations shall have been submitted in writing, and entered on the minutes one month previous to action thereon.

BANKING FOR FARMERS BY FARMERS.

The Grangers' Bank of California is a conspicuous instance of what farmers can accomplish. For the bank supplies a want which is to-day felt in very many agricultural sections. Indeed, the necessity for such a bank is quite as great in many parts of the West and South as was the case in California fifteen or twenty years ago. At that time exorbitant interest rates were current, farmers could not secure loans on their wheat or other produce, and were practically at the mercy of a gang of speculators provided with abundant capital, who fixed prices to suit themselves. The Grangers' bank was incorporated under the State laws, under the supervision of the State banking commissioners, with headquarters at San Francisco, and an authorized capital of $1,000,000. Its success has been so great and the value of its experience so conspicuous that we append the leading clause in its original prospectus of 1874:

This bank is organized for the purpose of enabling the Patrons of California to secure to themselves such advantages in obtaining money for use in the agricultural portions of the State upon as favorable terms as it can be obtained in the city for commercial purposes, believing that the landed security of the agriculturist is equal to if not better than city property as a basis of credit, and at the same time giving people of every class an opportunity of safely and profitably investing their money.

How the Bank has Progressed. — Starting with a few thousand dollars, the entire capital of $1,000,000 is now subscribed, upon which seven installments of ten per cent each have been paid. Stockholders, who have availed themselves of the privilege of paying up in full, with the reserve fund of $52,000, swell the actual capital to over $800,000. How handsomely the business has paid the investors will be appreciated by noting that while the paid-in capital is $762,000, the profits paid

back in dividends amount to $675,000. The dividends paid have ranged from ten to seven per cent, averaging for the entire sixteen years eight per cent. Fully nine-tenths of the stock is held by farmers and fruit-growers. About this proportion is represented at the annual meetings. The utmost harmony evidently prevails, as the present directors and officers were unanimously reëlected at the annual meeting in January.

Direct Loans to Farmers.—The policy of financial assistance directly to farmers, or their accredited agents, for their benefit, as stated in the original prospectus, has been practically adhered to from the start. In fact, the Grangers' bank deserves the great credit of having inaugurated the system of making advances to farmers on their grain in their local warehouses,—a system that of late years has also been applied to wine, raisins, merchantable fruits, and general produce of an imperishable nature. This system once inaugurated, every bank in the State has since been obliged to adopt it, so that at every wayside station and river landing, where there is a properly officered warehouse, the farmer can obtain a loan when his grain or other produce is stored therein. This enables him to free himself of his store bills and other indebtedness he may have incurred up to harvest. It also places him in a position to dispose of his produce when and how he may deem best, thus rendering him independent of speculators.

Early in its career, when the Grangers' bank was making its great fight against speculators, who had previously controlled the produce market, it assisted farmers to hold their wheat until the ring was broken and prices were restored. It is not too much to say that in this way the bank has saved millions of dollars to the farmers of California.

The enabling of farmers to market their crops to the best advantage has not been the only benefit of the

Grangers' bank. It has reduced the rate of interest on farmers' loans to six or nine per cent per annum, according to location, amount, and risk, whereas, before the Grangers' bank was established, farmers had to pay from twelve to thirty-six per cent per annum for accommodation, and it was scarce at that. The bank has also been able to materially assist in the formation of granges and the organization of farmers' coöperative associations, which have almost invariably prospered where properly managed. Its private market reports and statistics of supply, demand, prices, and rainfall are also of great usefulness to its patrons.

The Losses incurred have been very trifling. What losses were made were mostly in the course of general business, incident to the carrying on of any banking institution. Mr. Albert Montpellier, the efficient cashier and manager, to whom we are indebted for the accurate and official information upon which our remarks are based, adds: "I mention this matter of losses because, since the establishment of the bank, our farming community has gone through years of light crops and unremunerative prices, yet in spite of such bad years our losses have been no larger than those incident to the usual run of banking business. Meanwhile we have paid our stockholders, who are mostly active farmers, $675,000 in dividends. We are satisfied with the legitimacy of this business and its results."

The Principal Business of the bank is with the country directly to farmers and also with coöperative associations and grangers' unions which are established throughout the State. The bank also does a general business with country storekeepers and commission men who handle country produce. Where coöperative or grange stores do not exist, the bank has local agents through whom farmers can get loans direct from the bank. This brings the facilities of the Grangers' bank

directly to the farmer, however distant he may be from San Francisco.

The Problem Solved. — It thus appears that the Grangers' bank of California has made a practical success of the system of advances to farmers. Because so many members of the Farmers' Alliance are now asking the government to do this work for them through loans of new issues of paper money, as proposed in the much-discussed agricultural sub-treasury bill and land-loan proposition, we propose to explain fully the methods of

FIG. 24. TYPICAL SEAL OF A SUCCESSFUL FARMERS' BANK.

the Grangers' bank, the success of which demonstrates conclusively that the farmers can do this business for themselves far better than the government can ever do it for them.

Mr. Montpellier's testimony on this point is worth oceans of the current talk for and against the government loan schemes because of his success in showing how farmers themselves can solve the problem without government aid. He says: "I do not believe very much

in government advances to farmers. The farmers will accomplish more good by acting for themselves, seeking by business-like means to obtain money as cheaply as they can, besides making every effort to get the most money possible for their products."

On the other hand, it should be added that the Russian government has adopted the system of advances to farmers originated by the Grangers' bank, "with results satisactory to the authorities and farmers." But so far as we can learn, the Russian system is based on advances of existing money rather than on new issues of government paper, as the sub-treasury plan proposes. The management of this loan business under private auspices, as by the Grangers' bank, is also much cheaper and more efficient than in Russia,—an autocratic nation from which the independent citizens of a free republic have comparatively little to learn.

How the Business is Done.—A State law provides for the issuing by warehousemen of negotiable or non-negotiable receipts for produce actually stored therein. This law is printed in the Appendix, in the paragraph devoted to California laws bearing on corporations. Like statutes exist in some other States, or can be secured from the Legislature. This legal basis is necessary, but this form of credit is in most States used by brokers and dealers, whereas farmers can avail themselves of it equally well. In making a loan on produce the farmer first stores his produce in a warehouse and takes a receipt for it, of which the following is a sample:

"No. 598. Gridley, Cal., June 11, 1891. Received on storage from Samuel Jones for account of The Grangers' Bank of California in the Gridley warehouse, the following described merchandise, deliverable only on return of this receipt, properly indorsed, and payment of storage at the rate of twenty-five cents per ton for each of the first, second, and third months, and free for the balance of the season ending June 1, 1892. This warehouse reserves the right of loading the grain at the usual rate of fifteen cents per ton. All necessary resacking is at owner's expense, and dangers from fire and elements at owner's risk. Description—Marks—S. T.; G. B'k. Number of sacks (owner's count)—

5,700. Weight (lbs)—798,000. Description in full—fifty-seven hundred sacks of wheat weighing seven hundred and ninety-eight thousand pounds.

A. D. LOGAN & Co., by L. K. Vaughan, Manager."

This being indorsed by Samuel Jones is negotiable. The agent of the Grangers' bank at Gridley then investigates to see that the above amount of wheat is in store, giving a certificate to that effect as follows:

"This is to certify that I have called at the Gridley warehouse, situated at Gridley, Butte county, and have duly taken possession in the name of the Grangers' Bank of California, of wheat, in sacks, piled and segregated in said warehouse, and described as follows: 5,700 bags wheat stored by Samuel Jones, marked G. B'k, S. T. Dated at Gridley, June 14, 1891.

L. ROBINSON, for Grangers' Bank of California."

Mr. Jones also has to insure the produce and make the insurance policy payable to the Grangers' bank. (1) This policy, (2) the warehouse receipt, (3) the certificate of possession and (4) a sample of the wheat, are then sent to the bank with (5) the farmer's note, and the bank sends back the money. The farmer's note is in this form:

"$7,000. Gridley, Cal., June 13, 1891. On demand, after date for value received, I promise to pay to the order of the Grangers' Bank of California, at the office of the bank in San Francisco, Seven Thousand Dollars, in gold coin of the United States, with interest in like coin from date hereof, at the rate of six per cent per annum until paid. This note is secured by 5,700 sacks of wheat weighing 798,000 pounds, stored in A. D. Logan & Co.'s grain warehouse at Gridley, Cal., as per warehouse Receipt No. 598, dated June 11, 1891, herewith appended, which the Grangers' Bank or assigns do hereby agree to return to the owner of said security, or order, upon payment of the above promissory note, interest due thereon, insurance and other legal charges. No. 29,201.

(Signed) SAMUEL JONES."

The Extent of this Business has now assumed very large proportions. It extends to all parts of the State, and the bank is regarded as the farmers' best friend. Its control has been kept in their hands and its affairs administered in their interests. The business shows most excellent management, as appears from the following statement of the bank's condition Dec. 31, 1890,

from which it will be seen that loans of the nature described comprise the bulk of the transactions:

RESOURCES.		LIABILITIES.	
Time loans and discounts	$825,985 61	Capital paid up	$761,890 00
Demand loans on wheat and other tangible securities	1,239,004 36	Surplus fund .. $51,874 96 Divid'd No. 16.. 45,713 40	97,588 36
Real Estate	32,877 39	Due depositors	531,635 46
Office furniture and safes	6,750 00	Banks and Bankers (on time)	917,743 45
Cash on hand	204,239 91		
Total	$2,308,857 27	Total	$2,308,857 27

Three years before, Dec. 31, 1877, the totals were $1,858,309.19. The increase proves the substantial success achieved.

The Patrons' Coöperative Bank of Olathe, Kansas, an offshoot of the successful Johnson County Coöperative Association, described in Chapter IV, is a similar enterprise on a much smaller scale. It confines its business to the immediate locality, has light expenses, pays fair dividends on capital, and has been useful in reducing interest rates, and in accommodating farmers. Its condition Jan. 1, 1891, was thus reported:

RESOURCES.		LIABILITIES.	
Loans and discounts	$94,608 98	Capital stock subscribed $75,000.00 of which is paid in	$ 30,000 00
Real estate, safe, and fixtures	8,249 10	Undivided profits	5,170 10
Expenses & taxes paid	1,766 20	Deposits	163,718 44
Overdrafts	136 19		
Sight Exc'nge .. $69,357 59 Cash on hand .. 24,570 48	94,128 07		
Total	$198,888 54	Total	$198,888 54

THE PEOPLE'S BANKS OR CREDIT UNIONS.

The Proper Use of Credit.—Since we have so strenuously insisted upon cash dealings in coöperative societies, the reader will be at first surprised to find us writing on the employment of credit. Cash dealings and the use of credit should not be confounded, however. When a person buys an article, especially of a coöperative society, he should pay for it in cash. This completes

the transaction. Since all patrons do the same, no one is unjustly burdened by helping to carry the credit or bad bills of other members. But since many people do not have the money to pay spot cash, it is necessary for them to borrow it to make cash payments possible. By so doing the person who requires credit pays the cost of the accommodation, while, by the ordinary system of trusting customers in stores, those who pay their bills have to "carry" the bad payers. Again, if one has to borrow money with which to pay his bills instead of being "trusted," it will usually make him far more careful and economical. By this system, moreover, the gains which the heretofore "trusted" customer will make by paying cash for his goods will usually more than offset his expense for interest on borrowed money.

By this plan the perils of credit and its expensiveness will be reduced to a minimum, especially if the system upon which loans are made obliges prompt payments in installments, after the plan of the building associations. The ordinary wage earner and small farmer with comparatively small property has little credit upon which to borrow, but if such persons unite their credit, the coöperation will not only assist them to relieve their poverty but will prevent poverty. Since credit is so important a factor—official statistics show that nearly nine-tenths of the commerce of the United States is transacted upon exchanges of credit rather than payment of actual money—it is vastly important that the common people should unite to enjoy its benefits. Because so many people have abused credit, and because it is at present beyond the means of the masses, is no argument against their coöperating to enjoy its advantages.

As the celebrated economist, Prof. Conrad, of Halle, wisely points out, by the use of credit capital is employed more productively. He who possesses capital but is unable to make use of it transfers it to another for compen-

sation to the benefit of both, as well as that of the public economy. Thus farmers, artisans and traders, although unprovided with means of their own, may by the use of credit obtain capital to assist them in their labors without sacrificing their independence. This point is to be particularly borne in mind as of special weight in judging the People's Banks or Credit Unions described hereafter. Credit is thus of importance in avoiding that separation of capital and labor which excites so much bad feeling and forebodes so much danger. Credit gathers together the smallest sums, which otherwise could not be profitably invested, and employs them at a profit. This concentrates capital, but its returns are disseminated among the people. The possibility of employing every sum, however small, is a great incentive to saving. Above all, credit binds together the interests of those having dealings with one another, making it to the interest of each to show himself worthy of the trust.

The matter is well summed up by Prof. Richard T. Ely, in his article on German coöperative credit unions, in the Atlantic Monthly for February, 1881, when he says: "Capital, when obtained under favorable circumstances, yields a larger return than the interest. Were it otherwise, borrowing, except in case of special need and distress, would cease. The prudent and skillful worker, who by coöperation can command credit, is thus enabled to obtain besides his wages a surplus from the use of the capital. Credit WELL USED is therefore economically as productive as a favorable climate or a high education of the people."

The Extent of People's Banks.—The credit unions —so successful in Germany and Italy—afford the best model. It would seem that our coöperative banks or building associations might serve the same purpose by slightly modifying their rules and methods. German

experience, however, shows that loans on personal security should not be attempted by institutions of this class, emphasizing what is true in America, that the old-line savings bank or the coöperative building association does best to confine itself to real estate loans, leaving to national and private banks, and to the people's banks that we hope to see established, the business of loaning on personal security.

The credit union, or people's bank, in Europe is almost as old as the Rochdale system of distributive coöperation in England, though unlike the latter it has as yet secured no foothold in this country. "It enables its members to obtain at any moment ready money in amount corresponding to their position, their property, the business they do, etc. The profits of money-dealing, at present a monopoly of capitalists, flow into the pockets of the coöperators and assist them in the formation of a capital of their own." Above all, the people's bank saves the high interest now charged by the pawn shops and private brokers for loans on the personal security and chattel mortgages of people in humble circumstances, the prevalent rate on such loans to poor people being from one to five per cent a month, even in financial centers like New York, Chicago, New Orleans and San Francisco.

These credit unions owe their origin to Dr. Schulze-Delitsch, and now number nearly 7,000 in Germany alone. The returns from 1,002 of the typical credit unions, for the year ended May 1, 1890, showed nearly half a million members, deposits exceeding $133,000,000, and over $360,000,000 of authorized loans. Thus the deposits of only one-seventh in number of the German coöperative banks equal, if they do not exceed, the deposits of the three greatest banks of the world—the Bank of England, the Bank of France and the Bank of Germany.

Marvellous as this showing is for coöperative savings and credit among the masses, the averages of the thousand banks reported are still more instructive. Their capital averaged $133,000, or $735 for each of their 490 members; loans, $360,000; expenses, $1,400, and losses, $240 per bank. The interest received averaged five and one-third per cent, expenses one per cent, reserves and charities one per cent, leaving three and one-third per cent net earnings paid to shareholders—equivalent to five to seven per cent net in various parts of the United States.

Thus the banks reward investors, while bringing the advantages of credit within the reach of the masses. Official returns indicate that about one-third of the members (who are the patrons) of these credit unions are farmers, an equal number are artisans or independent workmen, and the rest are corporations or other classes.

How the Banks are Operated.—Since their object is to obtain credit for people, most of whom can give only personal security, each member of the bank is legally liable for its debts to the full extent of his ability to pay. This is in direct contrast to the limited liability feature of American coöperative and joint-stock societies, but in Germany is regarded as the keynote to success, because it insures increased vigilance on the part of members in securing the best management. The new coöperative law of 1889 permits limited liability, but only a fraction of the German societies have adopted it. This law carefully regulates the conduct and inspection of banks and other societies. The principles on which the people's banks are founded are thus stated by Schulze-Delitsh:

1. The loan seekers are themselves the managers of the institution established for the satisfaction of their needs, and share the risk and the profit.

2. The transactions of the association are based throughout on business principles; the fund of the association pays to the creditors, and the loan takers pay to the fund of the association bank interest and

commission, according to the rates in the money market. The managers, especially those who have charge of the funds, receive remuneration according to their services.

3. By full payment, once for all, or by small continuous contributions on the part of the members, shares in the capital of the association are formed, according to the amount of which the profit is divided and placed to their credit till the full normal sum is reached, by which means an ever-growing capital of its own is acquired for the business of the association.

4. By the entrance fees of members and by reservation of shares a common reserve fund is accumulated.

5. Sums further necessary for the complete carrying on of the business are borrowed on the common credit and security of all the members.

6. The number of members is unlimited. Entrance is open to all who satisfy the requirements of the statutes, and it is free to any one to cease to be a member after giving due notice.

Members and Management. — The bank must start with at least seven members, who hold one share each, upon which at least ten per cent must be paid in. Each member has but one vote, and proxies are not allowed, except that women can give proxies. Being founded on the principle of self-help, and in no sense charitable institutions, membership is confined to those who can pay each month even a small sum on their shares. This indicates a person's ability to make use of credit, help himself by it and pay his loan when due. Applicants for membership are passed upon by the directors, and may appeal to the shareholders. This preserves the coöperative idea of maintaining the members' authority and power over the managing board.

The government is vested in all the shareholders, who elect a supervising council and a board of directors. The latter choose an executive committee consisting of one or more of their number and the cashier. The discount committee consists of the supervisors and at least fifteen other members, who are nominated by the shareholders at the quarterly meetings. Three arbitrators for the settlement of disputes are also elected. The directors conduct the business and with their employes are heavily bonded and pecuniarily and criminally

responsible for all their faults. The supervising council is equally responsible, having oversight of the directors, with power of suspension. The supervisors can also call a meeting of shareholders that has full power to revoke a directors' election, suspend or expel members under certain restrictions, limit members' payments, amount of loans, etc.

Monthly, quarterly, and annual reports are made. Interest is paid on deposits and other features usual to the banking business are adopted. The credit union aims to accumulate a substantial share capital and encourages its members to carry their dividends to the credit of their shares. This and the unlimited liability of principal gives the union credit with which to borrow from regular banks money required for its members. Great importance is attached to the reserve fund, which accumulates from entrance fees and from certain proportions of the earnings. The larger this reserve fund the greater the ability of the bank to borrow money, the profits on which when re-loaned to its patrons are divided among the shareholders, making the dividends larger. Losses and profits are divided among the shareholders in proportion to the shares which they own, according to the amount of money actually paid on the same.

Loans and their Privileges. — Loans are usually made for three months only. The first consideration is the solvency of the borrower, which depends upon his financial position, his moral character, and his business capacity, which are usually readily determined from inquiry of other members. One or two indorsements are also required. These Dr. Schulze calls the keystone in the organization of personal credit, and in itself constitutes the sole responsible guarantee of the solvency of the debtor, and is the usual practice with regular banks. "Nothing better than these indorsements assure

to a society an exact idea of the solvency of its debtors, and in no way can it better exercise control over their position or possible changes therein. Worthy and capable artisans and farmers who have real need of loans will never fail to find indorsers, such favors being reciprocal." This idea has been carried to such an extent that it has become the point of honor with members of the German banks that nothing is more disgraceful than to cause loss to a comrade who has served for one's security.

Loans are also made on bills of exchange and other acceptable collateral, and also on deposits or "on account." Notice of withdrawal of deposits is required, so the use of checks among the members is not common. This feature might be modified to better accommodate the masses. Directors or employes cannot borrow money for themselves, and must consult the supervisors in all cases of doubtful security. Loans are made only to those who use the money to assist in gaining a living by honest labor, every feature of speculation being scrupulously avoided. Real estate loans are not made because of the time and expense to realize on them. Since the unions borrow on short time much of the funds they lend, they must have quickly available security, which is obtained as above described. In addition to this banking business, the people's bank will collect debts due to its members, thus giving the single member the moral and legal power of a moneyed institution. It will also buy and sell public stocks and other personal property for its members, and may keep and administer property and estates, after the plan of our American safe deposit and trust companies. The union thus acts for the poor man as his business friend, adviser and agent—a savings bank as well as a lender.

How to Start a People's Bank.—It will be seen that these institutions are much wider in their scope,

more elastic and useful, besides doing a work that the ordinary coöperative bank or building association cannot well undertake. It is equally adapted to city and country, it is easily managed at small expense, honesty and carefulness being the main requisites in the officers. As the amounts handled would be small, so the risk of losses by theft or carelessness would be light. Hence, there is hardly a community that does not possess one or more men competent to run such a bank with the assistance of its directors.

To start such a bank two or three men should make a thorough study of it, drawing up a code of by-laws which may be a modification based on the by-laws of the Grangers' bank of California and those of the various coöperative societies. Here, as in organizing other coöperative societies, great care should be taken to comply with the law, a capable lawyer being employed for the purpose. (See Page 184.)

CHAPTER IX.

FARMERS' AND PEOPLE'S EXCHANGES.

Their Purpose and Success.—These exchanges vary in their scope and methods. The Farmers' Alliance Exchange is often a central State agency, without much capital, for buying in bulk supplies ordered by Sub-Alliances, forwarding the same for distribution at the wholesale price paid plus expenses. Other State Alliance Exchanges aim to do business on the principle of a coöperative store, buying at one price, selling at another, and dividing profits between interest on capital and dividend on purchases; but also making a business of selling stock, produce, etc., for farmers on commission, making advances on consignments and the like. The ambitious but unsuccessful Texas exchange (see Page 34) was among the first of this class, but its successors have profited by its experience and many of them are accomplishing much good. When of the class first described, these agencies are only a repetition of the old grange system, which has proved its lack of permanency, but appear now to be paving the way for more business-like coöperation. They have served a useful purpose in greatly reducing prices on agricultural machinery and farmers' supplies, which had been advanced since the reduction forced by the Grange in a similar way fifteen or twenty years ago. The managers or State business agents of the Alliances have a national organization, that has immense possibilities if backed by ample capital. A brief description of the Kansas Alliance Exchange

Company will serve for all these enterprises. (See Appendix for by-laws.)

The Kansas Farmers' Exchange Company was organized in August of 1889 to transact a general mercantile business, including buying and selling of all classes of produce and goods. The authorized capital was half a million dollars in one thousand shares of $500 each, membership being confined to Alliance men.

FIG. 25. EDWIN SNYDER, LIVE STOCK AGENT KANSAS ALLIANCE EXCHANGE COMPANY.

The business offices are now located at Kansas City, Kansas. Trading is done on the coöperative basis. Division of profits is a little peculiar, forty per cent of the net profits going to capital, the other sixty per cent going to dividends or rebate to purchasers. The dividend is payable in cash to shareholders, while in the case of Alliance men who are not shareholders it is passed to their credit against shares of stock. Non-

members receive no dividends. The business includes all lines of goods, but at the start no stock of any kind was carried, the plan being to issue a large catalogue and price list of goods for which contracts have been made with manufacturers and wholesalers, and transfer the orders received from Sub-Alliances to these parties. The possibilities of immensely extending their usefulness have led the management to call for more capital with which to carry a stock of goods. The Exchange realizes that it ought to supply all the local coöperative stores in the State, uniting with the function of a wholesale society those of a selling agency for farm products.

A Strong Point is Made of Economy in management, the company seeking to do a plain, straight coöperative business, neither fearing nor courting competition. In 1891 its sales of binding twine reached over one hundred car-loads, the twine being sold uniformly at the same price to all—one-half cent per pound above cost at retail and one-fourth cent above cost to local coöperative stores. The sales for the nine months ended Sept. 30, 1890, aggregated, of farming implements $50,000, groceries $40,000, barbed wire $10,000, binding twine $35,000, vehicles and machinery $26,000. It also sold on commission for its members grain to the amount of over $250,000, and live stock amounting to $600,000. The nine months' total was thus about $1,000,000, the expense of doing which was $9,693.37, the profits or earnings being within $85 of this amount. This does not include the profits on the live stock business, which goes to the shippers, as is explained in the account further on of the coöperative cattle-growers' company.

To transact this amount of business, the paid-up stock, Sept. 30, amounted to $21,000, three-quarters of which was cash, and the balance office fixtures, merchandise and bills receivable. The business is managed by an executive committee of three, who give it all their time.

Grain is Stored and Cash Advances Secured upon it by delegating certain large and well established commission companies as Alliance grain agents. When the Exchange secures capital enough to buy or build its own elevators it will do this business itself. By its present arrangement, farmers can store their grain in the elevators (at the large cities) of the authorized Alliance agent for one cent per bushel for the first thirty days, and half a cent for every thirty days thereafter, with insurance at cost. The shipper is issued a warehouse receipt for the wheat, specifying the amount and grade, this receipt being negotiable or immediately available as collateral security. Almost any bank will advance money on these receipts, or the company will make advances to the amount of three-quarters of its value, with interest at ten per cent. This is done with the understanding that whenever the market value of wheat is within five cents per bushel of the amount advanced, with accrued charges, the owner will be advised, and if he does not wish to put up money enough to maintain the five cent margin, the wheat can be sold and the balance remitted to the owner.

Improved freight rates are secured through the same agency. Thus farmers are able to ship their own grain, because they have nothing to do with it after the wheat is loaded on the cars. It gives them a chance to secure and store their wheat when in the best mercantile condition, and an opportunity to realize on it without being forced to sell when prices are not satisfactory.

The Farmers Run the Business. — Here as in other States these enterprises are directed and managed by farmers themselves. Thus all of the directors of the Kansas Exchange are successful farmers, except F. M. Newland, who has been successfully engaged in mercantile pursuits all his life. Messrs. Benson, King, Cleveland, and Snyder have served one or more terms in the

Legislature, and all are old residents of Kansas. President Benson, an Illinoisan, has a large farm at Haven, Kansas; Secretary Sandusky, a Kentuckian, owns a farm in Cherokee county, where he has held positions of honor and trust; Vice-President House is an extensive farmer at Cloverdale; Bookkeeper Cleveland has had mercantile experience in Chicago, but was taken from his farm at Agenda; Treasurer King, an Ohioan, has a good farm at Tannehill. We give these facts to impress our farmer readers with self-confidence in their own ability to manage their own business.

EXCHANGES CONFINED TO MARKETING.

The Delaware Fruit Exchange shows what can be done in this single line. Until its advent, growers shipped their peaches to the large markets to be sold on commission. The result was that frequently the markets were glutted and the prices received did not cover the cost of transportation, baskets and sellers' commission. The prices were very uneven, there was great difficulty in getting sufficient cars, freight rates were exorbitant, there was great loss in failure to return packages, and the profits were largely consumed by the commission merchants' charges.

To remedy some of these abuses, the Delaware Fruit Exchange was organized (mainly by W. P. Corsa) with a few hundred dollars capital, which served to put up a small building at Wyoming, Del., in which fruit could be sold at auction, with the necessary accommodations for clerks, telegraph operators, and other conveniences for transacting business. Before the opening of the peach season a canvass was made of the principal markets throughout the country, and the dealers in fresh fruits were invited to send buyers to the Exchange. The idea of the Exchange was to have all the fruit that was brought to it inspected and carefully graded, and

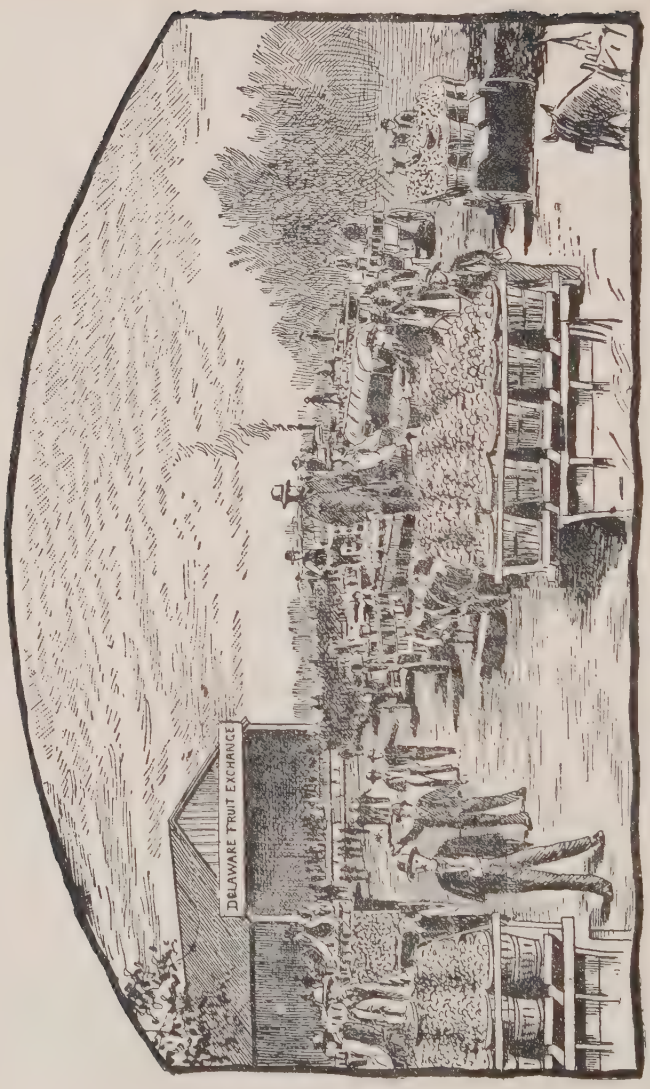


FIG. 26. MARKETING THE PEACH CROP COÖPERATIVELY.

then sold at auction to the highest bidder. It was proposed to extend the operation of the Exchange throughout the whole Peninsula, by having a competent and sworn inspector at the different shipping points who should telegraph every morning, before the Exchange opened for business, the number of cars of the different grades of peaches that would be for sale at his shipping point. Having established confidence in the grade, this fruit at all these different stations could be sold at auction on the Exchange without the buyer ever seeing it.

The Grower Establishes the Market. — The result was that for several seasons the Exchange worked quite satisfactorily. The trade found it much better to send a man to buy such peaches as they desired, at the point where the peaches were collected, than to have the fruit shipped to their market indiscriminately. All fruit was paid for on the spot as soon as sold, the Exchange reserving one cent per basket for its services and charging five dollars per car for loading the fruit. The baskets were sold with the fruit. Communication by wire was kept up with all the principal markets, and the price of peaches was made at Wyoming instead of in New York and other cities. There was always competition among the buyers to secure the best fruit, which kept up prices.

Most of the former abuses of the peach-marketing system were in this way overcome. The farmer drove up to the Exchange with his peaches properly graded, had them inspected and the grade guaranteed, a sample basket or two of each grade was exposed at the auctioneer's stand, sold for what it would bring, and the lot immediately loaded upon the cars. The money was paid to the Exchange on the spot and turned over to the farmer, less a commission of one cent per basket. The farmer thus had no further trouble with freight rates, cars, commission merchants, or other evils of the old system. The

farmers also received a higher price for their fruit, not only because it was better assorted than formerly, but because the buyers came from all parts of the country, and therefore distributed the peaches more widely than had previously been the case. Thus gluts were avoided, and the fruit being shipped direct to market by the buyer arrived there in better condition than under the previous state of affairs.

This is unquestionably the correct principle for marketing the peach crop, and a principle that can be applied with equal facility to any other crop that can be massed in sufficiently large quantities to attract buyers. But the Exchange has not been so successful as has been hoped for various reasons, principally because many fruit growers would persist in selling to the assembled buyers outside of the Exchange. So long as they could do this and save the commission of one cent per basket, these growers considered it the proper thing to do, failing entirely to recognize the truth of the fact that the success of the effort to attract all the principal buyers to one or two points must depend upon the growers coöperating with such a medium as the Exchange.

The Weak Points in the Delaware Fruit Exchange were three-fold · 1, members did not invest sufficient capital to hold their interest; 2, the profits from commissions were intentionally small, to cover expenses only, instead of being sufficient to accumulate a surplus; 3, having so little at stake financially, so that non-members and those who sold outside the Exchange reaped its advantages without cost, and the business season being only a few weeks in duration, the members could not be held together, and a light crop year completed their disorganization.

All these defects could have been guarded against, the success of this perfect system of marketing insured, and immensely greater advantages secured, if the Exchange

had simply had a little more capital, charged more commission and used its surplus for buying a stock of goods for a coöperative store that should operate the year through, that might in time develop into a sort of wholesale agency for the similar stores at all the branch shipping points. This remedy has been applied with success in New Jersey, as the ensuing pages describe.

COÖPERATIVE FRUIT SHIPPERS OF THE PACIFIC COAST.

The California Fruit Union was organized in 1886, with 250,000 shares of one dollar each, which were subscribed for by fruit-growers on the basis of one share per acre in bearing fruit or vegetables. Its headquarters are at Sacramento, L. W. Buck being the present secretary and general manager, a position held by H. A. Fairbanks up to this year. (See Appendix for by-laws.)

First formed as an exclusive organization for growers, one year's business with buyers working in opposition to the growers proved disastrous to both, but more so to the buyers than to those who produce their own fruit. In the second year some buyers joined with the growers and worked with them, and have continued to do so since, such members being required to take at least two hundred shares each. The stock of itself was not supposed to be a money-making investment, but most growers were willing to contribute one dollar per acre to secure a better method of marketing.

After the parent organization had completed its arrangements for refrigerator and ventilator cars, quick transit, reduced rates, etc., branch unions were organized at each important shipping point. The members of these branches elected a manager, who attended to getting together enough fruit to fill the car, loading, etc. His salary and expenses are met by his commissions on the box lumber, wrapping paper, nails, etc., which he furnishes to the members, obtaining the same

through the central union at such low prices that he can sell out at a profit and yet be below retail prices. The main office notifies the branches when trains will be dispatched and how many cars each can have in each train. As a saving of one hundred dollars per car is effected when solid trains of ten or fifteen cars of fruit are shipped, this item alone is sufficient to warrant the coöperation. The main office also receives daily

FIG. 27. LOADING PEACHES AT THE DELAWARE FRUIT EXCHANGE.

reports by wire of all sales of the produce made in the Eastern markets, which are transmitted by telephone and telegraph to local branches.

The California Fruit Union does not buy any fruit or incur any indebtedness except for running expenses and freight. Hence the amount of capital employed is limited, as, at the end of the year, all profits are divided among the shippers in proportion to the selling of their respective shipments, after paying six per cent interest

on capital. Any individual may buy or ship as much fruit as he may desire, the great object being to enable small growers to ship in small quantities at car-load and train rates.

How the Business is Conducted will be best explained by first publishing the contract made by the union with its selling agencies or commission men in the Eastern cities:

THIS AGREEMENT, Made and entered into this———day of———18—, by and between the California Fruit Union, a corporation organized and existing under and by virtue of the laws of the State of California, the party of the first part, and———of———the party of the second part; Witnesseth: That, whereas, the party of the first part is engaged in the business of shipping green and dried fruits and other California farm products, and is desirous of making shipments to the city of——— in the State of———and of appointing an agent resident at said place, to receive and dispose of the shipments made thereto;———And, Whereas, the party of the second part is desirous of being appointed such agent: Now, Therefore, in consideration of the premises, the parties hereto do hereby covenant and agree as follows, to wit:

The party of the first part does hereby appoint the party of the second part its agent, to receive, take charge of, and sell, all shipments made by the party of the first part to the said city of———during the existence of this agreement. Each of said shipments shall be clearly marked so as to designate and indicate for whose account and benefit it is made by the party of the first part; and shall be accompanied by an invoice showing the character of said shipment and the name of the person for whose benefit it is made. Any discrepancy between any shipment upon its arrival at its destination and the said invoice shall be immediately reported by the party of the second part to the party of the first part.

The party of the second part shall receive and take charge of each shipment immediately upon its arrival at said city of———and shall pay all freight and cartage expenses chargeable against the same, and shall repay to the party of the first part all moneys advanced for account thereof by said party of the first part, and shall promptly sell the same for the highest price obtainable, and after deducting the advances and payments made by him for the purposes aforesaid, and a commission at the rate of ten per cent on the gross amount realized on the sale of said green fruits, and five per cent on all other products, shall remit the balance by bill of exchange or postal order to the person for whose benefit said shipment was made. The said remittance shall be made promptly within ten days after making of said sale, and shall be accompanied by an itemized account of sales, properly authenticated by the said party of the second part, showing in detail for what price each package of said shipment was sold.

Said party of the second part shall at the same time, by bill of exchange or postal order, remit to the party of the first part all advances made by it for account of said shipment, and so much of the said ten per cent as shall equal three per cent of the gross amount realized on green fruit, and one and one-half per cent on all other products; which said remittance shall be accompanied by a duplicate of the account of sales sent to the person for whose benefit the shipment was made.

The party of the second part shall, within twenty-four hours after the receipt of each shipment, notify by mail the person for whose benefit it was made of the receipt thereof, its condition, the prices at which like products are then selling, and if any portion thereof has been sold, the portion so sold and the price realized therefrom, and the portion on hand. During the day on which any shipment may be

received by the party of the second part, he shall, at his own cost and expense, notify the party of the first part by telegram of the receipt thereof, its condition, and prices which like products are then commanding.

If any shipment shall not sell for an amount sufficient, after deducting the commission herein provided for, to repay to the party of the second part the advances he may have made thereon, the party of the first part will pay such advances, or so much thereof as said shipment shall fail to pay.

The party of the second part sahll not, during the existence of this agreement, receive or become the agent for the sale of, or be in any manner interested in, the purchase, sale, or disposition of any California fruits and other farm products, of the kind, qualities, or varieties shipped by the party of the first part, except as in this agreement provided. Except that said party of the second part may receive and sell on commission any California fruit which may be consigned to it by

FIG. 28. A COÖPERATIVE EVAPORATING FACTORY,
Where the Surplus Fruit of the Delaware Fruit Exchange is Utilized.

parties other than the party of the first part, provided that they treat such consignments in the same manner as though they were California Fruit Union shipments, charging ten per cent commission for handling the same and rebating — per cent of the gross sales to the party of the first part. Notification by telegram must be made to the manager of the Union of such receipt or expected receipt as soon as ascertained. The object of this provision is to prevent the party of the second part from engaging or becoming interested in any business which may in any manner injure or compete with the business of the party of the first part, or those for whom it may act.

The party of the second part shall be chargeable with the amount for which any shipment may be sold by him, although he may fail to collect the same from the purchaser. The party of the second part shall, during the existence of this agreement, keep full, true and accurate books of account, in which shall be entered and set down in detail all the business transacted by him for the party of the first part, which

said books shall at all times be submitted by said party of the second part to the inspection and examination of any authorized agent of the said party of the first part.

All products received by the party of the second part under this agreement shall be sold by him at private sale, unless the said party of the first part shall direct the same to be sold at public auction, in which event the party of the second part shall cause the same to be sold in that manner, and shall publish notice of said sale in at least two daily papers published in said city of——and by catalogue freely circulated among merchants engaged in the fruit business therein, said catalogue to be similar to those used in the sale of Mediterranean fruits at auction.

In all cases, the auctioneer selected shall be one who is acceptable to the board of trustees of the union. All expenses of every kind incurred in making such auction shall be paid by said party of the second part out of the proportion of the commission on said sale which he may be entitled to retain, as hereinbefore set forth. Immediately after making such auction sale, the party of the second part shall forward, by mail, to every person who may have been interested in the products disposed of thereat, a copy of said catalogue, upon which shall be marked and set down opposite each lot sold the prices realized therefor. The party of the second part will, upon the execution of these presents, furnish and deliver to the party of the first part a satisfactory bond for his faithful performance of this agreement.

This agreement may be terminated at any time by the party of the first part at its option; and by the party of the second part on giving fifteen days' notice of such intention. In witness whereof, the said party of the first part has caused these presents to be executed by its president and secretary thereunto duly authorized, and the said party of the second part has hereunto set his hand and seal the day and year first above written.

The benefits of such a contract to both parties, especially members of the Union, cannot be overestimated. The absolute safeguards and the selling by auction are of immense value to shippers. Owing to the distance from market the Union cannot well compel the attendance of Eastern buyers, as was the case in Delaware. There are, however, many resident buyers who have coöperated with the Union and offered many chances to growers that they would not have done except for the Union. The collection of claims for losses against railroads is another function of the organization,

These Benefits Cost Shippers Nothing, but are all paid for by the commission merchants, who give the Union three-tenths of their gross commissions. The Union can guarantee each agent a continuous and daily supply during the season, so that the agent can afford to do business for less than when receiving only an occasional car.

The agents usually charge all shippers ten per cent commission, retaining seven per cent for their services

and returning the other three per cent to the Union with a duplicate of the amount of sales, the original of which is sent to each shipper with his check for the net proceeds. Thus the Union handles none of the shipper's money, but it comes to him direct from the agent who sold his fruit, while the agent gives three-tenths of his commission to the Union for guaranteeing his supply.

This three per cent netted the Union about $60,000 in 1890, out of which all expenses, salaries, office rent, incidentals, etc., were paid, and some $34,000 profits remained. This was divided by declaring six per cent interest on the capital, setting aside two per cent for a reserve and dividing the balance among the shippers in proportion to the amount each had shipped. The balance thus divided was two and one-tenth per cent on the gross sales, which, deducted from the agent's ten per cent commission, reduced the actual commission paid by each shipper to seven and nine-tenths per cent.

The Great Success of the Effort is most encouraging. The members number nearly 1,000, owning 15,000 paid up shares. The business shows a heavy increase. In the seven shipping months of 1890 the Union handled 1,400 carloads of fruit, and 600 more were shipped by its members, making a total of 2,000 cars handled by the Union out of the 3,300 cars shipped by the entire State. The consignors increased from 173 the previous year to 322, from thirty-one different points. Of the direct shipments 190 cars went by special trains, 476 by passenger trains, 258 by freight, and 449 by refrigerator cars. Chicago took 828 cars, New York 136, Boston 116, Minneapolis 74, Omaha 75, New Orleans 58, St. Paul 39, St. Louis 32, Louisville 10, and Kansas City seven.

The record books show duplicate accounts of sales of 578,232 boxes and 234,617 crates of fruit, amounting to $1,501,023. From this was deducted for freight, $620,688; cartage, commission and cold storage, $158,-

438; leaving net returns of $721,897. The Union was never more prosperous, having a balance of some $34,000 to divide in reserves,—interest on capital and rebate on shipments, as appears from the statement submitted to the annual meeting at San Francisco in January, 1891:

STATEMENT CALIFORNIA FRUIT UNION FOR 1890.

PAID OUT.			ASSETS.	
Office expenses	$1,614.49		Capital stock	$15,174.25
Profit and Loss	12,657.97		Reserve fund	865.64
Salary	6,460.42		Received from Eastern Agents being 3-10ths of their commissions	43,728.21
Traveling Expen's.	1,468.71		Uncalled for balances	
Office Fixtures	660.75		Dividend No. 1	94.16
Telephone	365.60		Dividend No. 2	164.42
Freight and Load'g	250.57		Dividend No. 3	207.18
Telegraph Acc't	2,881.10		Rebate No. 2	185.11
Taxes	31.25	26,390.86	Rebate No. 3	314.91
Cash in bank		33,916.92		
Cash on hand		430.00		
		$60,737.78		$60,737.78

The main thing to regret in this wonderfully successful effort is, that the net profits are not utilized as a fund for the establishment of a State wholesale exchange, to furnish supplies direct to local stores and individuals. The members would get far more benefit out of the money used in this way than from the comparatively small driblets divided among them in the shape of rebates.

MARKETING CATTLE COÖPERATIVELY.

How to Beat the Packers' Combine.—It is safe to say that no one branch of agriculture in the United States has suffered more directly from the extortion of monopolies than has the cattle industry at the hands of the packers' combination. It has been conclusively demonstrated that this trust practically controls, if it does not own, the principal live stock exchanges or cattle markets, as at Chicago, St. Louis, Kansas City, Omaha, Pittsburg and lesser points. The combine regulates prices and prevents competition between its members for cattle, thus depressing prices to the cattle grower.

On the other hand, it undersells local butchers wherever necessary to secure a foothold and, after having crowded them out, forces up prices, compelling consumers to pay extortionate values.

The reader should understand that live stock exchanges, as now constituted, are organizations of commission men principally for the purpose of compelling their members to charge certain prices for selling stock —based on fifty cents per head for cattle, twenty-five cents for calves, and ten cents for hogs and sheep. They have induced the packers to join their exchange, and have a rule that no member shall do any business with an expelled member.

No more flagrant outrage exists than that a few commission men should be allowed to take possession of the public market, and compel the public to pass its stock through their hands at a charge which the operations of this coöperative company show is at least twice a reasonable compensation.

But cattle growers found by costly experience that neither grumbling nor legislation would protect them against a monopoly that forced down the price of what they had to sell and put up the price of what they had had to buy. The great cattle growers of Texas, Colorado, New Mexico, Kansas, Nebraska, Missouri and other States finally came to the sound conclusion that the only true way out was to compete with the trust by means of a coöperative organization.

The American Live Stock Commission Company was therefore incorporated in March, 1889, under the laws of Illinois, with a capital of $100,000 in 1,000 shares of $100 each. While each share is entitled to a vote, no one person or society can own more than twenty-five shares. Of the profits, thirty-five per cent go to capital and sixty-five per cent in dividends or rebate on the commissions paid by shareholders. Its object is to

engage in the business of buying, selling and handling live stock in the various stockyards and markets of the country and to encourage the raising and feeding of stock for market. The headquarters are at Union Stock Yards, Chicago, with branches at Omaha, Kansas City and St. Louis. Aside from the coöperative feature of

FIG. 29. ELI TITUS, MANAGER AMERICAN LIVE STOCK COMMISSION COMPANY.

distribution of profits and conduct of the business by those who furnish the cattle it handles, the by-laws are those usual with joint stock corporations. Including the State alliances of Kansas, Nebraska and Missouri, and the Kansas State grange, there are (August, 1891) two hundred and sixty-four stockholders.

The company charges the same commissions as other houses, dividing its profits as above stated. It has naturally met the strongest possible opposition at Chicago, in particular. The animus of the fight is simply that members of the live stock exchange want its business and their own prices for doing it, and do not want the producers to coöperate and do the business for themselves at a saving of fifty to seventy-five per cent. The company was therefore expelled by vote from the Chicago live stock exchange. When it persisted in trading there the exchange secured a court verdict that knocked the company out of that market on the plea that this coöperative affair was a dangerous trust conspiracy! An injunction against this infamous decision was secured, and the company continues business at Chicago, while its case is before the supreme court of the State, where it confidently expects to win. The company has had much more law than justice, but the members know that their principles are eternally right and just, and have the utmost confidence in ultimate success and legal victory.

Progress, Business and Profits.—The remarkable results of the American Live Stock Commission Company, demonstrated by incontestable success, show the wisdom and economy of its management and prove the ability of coöperation to combat the "trust," even in the cattle business.

It began business in May, 1889, with a paid up capital of $25,000, and on Nov. 30 divided $45,000 profits among its shareholders. The thirty-five per cent of this sum accruing to capital equals fifteen dollars per share, or sixty per cent interest on the twenty-five dollars per share paid up seven months before. The balance, declared as dividend on the commissions paid by shareholders on the cattle sold for them, equaled sixty per cent of the commissions so paid.

In other words, in the first seven months, with only $25,000 cash capital, coöperation enabled cattle men to sell their stock at an expense of only forty per cent of the usual charges, on top of which they got over one hundred per cent per annum interest on their capital, besides accumulating a small reserve!

With such a showing, no wonder the coöperators increased their authorized capital to $250,000 in January, 1890,—of which a total of $49,000 was paid up,—and went in for a more extensive business. They got it, too, as thus appears:

BUSINESS OF AMERICAN LIVE STOCK COMMISSION COMMISSION COMPANY FOR YEAR ENDED DEC. 1, 1890.

THE DETAILS OF THE SHIPMENTS.

	Cars Rec'd	*Hogs.*	*Sh'ep*	*Calves.*	*Cattle.*	*Commission.*
Chicago house	3,710	904	3,246	5,720	83,662	$40,642.00
Kansas City house	5,065	84,786	2,752	14,873	89,138	50,677.12
St. Louis house	531	2,736	277	2,197	11,340	6,156.15
Omaha	497	22,272	.....	93	3,888	3,871.70
Totals	9,809	110,698	6,275	22,883	188,028	$101,346.97

DIVISIONS AS TO MEMBERSHIP.

Stockholders	7,607	37.821	3,914	21,934	161,975	$82,686.27
Non-members	1,034	25,530	1,297	832	15,685	9,449.30
Kansas Alliance	968	37,387	992	112	9,254	7,787.50
Nebraska Alliance	164	8,506	.....	5	857	1,161.50
F. M. B. A. of Illinois	3	66	.....	.....	38	25.00
Kansas State Grange	66	1,328	72	.....	219	237.40
Totals	9,809	110,698	6,275	22,883	188,028	$101,346.97

Over Two and One-Half Million Dollars was the aggregate of the sales made during the year,—the largest business of any single coöperative society in America. The commissions on these sales were over $101,000, of which only $31,000 was required for expenses and reserves. Thus the actual cost of transacting the business was only one per cent of the gross sales. What per cent is filched by the monopoly exchanges from the cattle men who haven't "sand" or brains enough to coöperate?

Divided in the usual manner, the profits of 1890 equaled fifty per cent interest on capital, and fifty per cent dividend on commissions!

All history affords no parallel for such results by coöperation.

The Men Who Make This Success.—No "spring chicken" is at the head of such an unprecedented success. No mere rancher without business experience has the ability or nerve to conduct an enterprise of this kind in the teeth of the fiercest commercial and legal opposition the country has ever known. The general manager is Eli Titus, a native of Indiana, but long a resident of Kansas, and identified with her cattle interests for twenty years, both in ranching and feeding. He was live stock agent of the Atchison, Topeka and Santa Fe railroad for several years. He is master of his business and a typical Western rustler, as his picture shows.

The president, H. W. Cresswell, was a native of Canada, but for years has been a resident of Colorado and the West, being known everywhere as one of the largest and most successful ranchmen. He, himself, shipped and marketed 10,480 head of cattle last year. Mr. Cresswell is an energetic and vigorous worker for the success of coöperative cattle-marketing, and uncompromising for whatever he believes to be right. Edwin Snyder, the live stock agent of the Kansas Alliance Exchange Company, which is a shareholder in the commission company, has also been an important factor in its success. Moving from Ohio twenty-five years ago, he has a large farm at Oskaloosa, Kansas, and has long been an earnest student of coöperation and worker in coöperative enterprises. He is an urgent advocate of self-help through coöperation as sure to benefit farmers and the public generally far more than the much-discussed socialistic schemes of the day. In other words, he believes people will do best to help themselves.

THE HAMMONTON, NEW JERSEY, FRUIT GROWERS' UNION AND COÖPERATIVE SOCIETY, LIMITED.

A Typical Farmers' Exchange.—Useful as are the foregoing accounts in this chapter, we regard the society and methods now to be treated as even more worthy of attention because typical of the form of coöperation that seems peculiarly adapted to the ordinary farming community. It is a plan whereby the earnings of coöperative marketing of produce can furnish capital for coöperative distribution, with all its attendant benefits. It will work in any part of the country, with proper management, and, like the coöperative store in the city, is the foundation upon which to rear the substantial success of distributive coöperation, with its powerful union of local stores and exchanges supporting and being fed by a wholesale society with ample capital.

The Evolution of this Society shows how all associated effort must result in real coöperation to amount to anything. The fruit-growers about Hammonton, in South Jersey, had formed a rude union in 1867, which for seventeen years was better than nothing, as it brought the farmers together at least once a year, helped somewhat in marketing facilities, and to some extent in buying heavy supplies in bulk. Early in the eighties, arrangements were made with commission merchants in the larger cities to handle the Union's fruit on the method later imitated by the California Fruit Union, as narrated on Pages 215-221. This gave the society a little capital, and the question was what to do with it. Z. U. Matthews, E. R. Sproul, and others who had studied into coöperative distribution, wisely discerned that if the money from this source was invested in a coöperative store it would not only save money for farmers on all they bought through the store, but would hold their interest the year through, thus overcoming the

FIG. 30. FRONT VIEW OF THE HAMMONTON COÖPERATIVE STORE AND FRUIT EXCHANGE.

weak points that later brought dissolution to the once powerful Delaware Fruit Exchange (Page 214).

The members saw the wisdom of this course, and reorganized Feb. 16, 1884, as the Fruit Growers' Union and Coöperative Society, Limited, being incorporated under the coöperative law. The certificate of association specifies:

The objects of this society shall be to arrange the methods for shipping and selling fruit and other products of the soil, and to protect the interests of shippers; to conduct a store for the sale of general merchandise, to its members and others; to purchase and hold such real estate as may be needed to conduct its business, and to sell any portion of the same, when in the opinion of its officers such sale is desirable.

The capital stock of the society shall be $50,000, which shall be divided into 10,000 shares of the par value of five dollars each. Stock may be issued to members in payment of any dividend made from profits accruing from shipments or sales of fruit or produce; each share so issued must be paid up, but fractional sums of such dividend may be made up to a full share by the member to whom it is due, may be credited to his account, or may be paid to him in cash at the option of the officers of the society. Shares may also be sold for cash at their par value, whenever the officers may deem it expedient, but the par value of such shares must be paid when thus sold.

Any person satisfactory to the officers may become a member by paying an entrance fee of one dollar, subscribing for one or more shares of stock, and agreeing to the provisions of this certificate and the by-laws of the society, but no member shall hold office or be entitled to vote at any election who has not had at least one paid-up share of stock.

Annual interest at the rate of six per centum shall be paid to shareholders, and a sum equal to five per cent of the net profits shall be set aside annually for a contingent fund and safely invested by the board of directors. The balance of the profits of the society shall be computed at the end of each year by the board of directors and a dividend declared and paid to members and purchasers of such portion of said profits as such board may deem consistent with the interests and safety of the society, provided, that purchasers who are not members shall receive one-half the rate of dividend paid to members. Profits derived from the sale of merchandise may be paid in goods or in cash, as the board of directors may determine.

Shareholders and Capital.—It appears from the above, and from the by-laws printed in the Appendix, that the society is organized on purely coöperative lines, but has jealously confined its actual membership to farmers and fruit-growers, although allowing the general public to trade at its store. Outsiders can become

"members" by paying the dollar entrance fee, but only fruit-growers can become shareholders. The profits of the shipping department and the dividends on shippers' commissions are payable in shares of the society, no shares being sold for cash. This keeps the concern in the farmers' hands, and at the same time provides capital without exertion from the farmers, for the receipts of the shipping department actually came out of the commission merchants who handle the fruit. (See Page 219 on this point.)

Buildings and Equipment.—The profits from the shipping business of 1884, some $1,500, were used to erect a cheap warehouse, that is shown in the corner of Fig. 33. There was a driveway through it (with platform scales), either side of which was partitioned off for feed, fertilizers, flour and other heavy supplies, as no one then dreamed of the society carrying a stock of light goods. A small corner was partitioned off for an office, used mostly by the clerks in charge of the shipping of fruit. The Pennsylvania railroad was not accommodating, but upon the advent of a competing line (the Reading) a switch track to the warehouse was secured; another for cars being loaded, and a third for unloading. Then a coal and wood yard was added, with an elevated switch track. Fruit shipments increased, and a large ice house was required for cold storage in transit. More room being needed in the warehouse, a special fertilizer house was built near the ice house,—both next to the tracks. Business began to gravitate to this spot, and the society built a blacksmith and wheelwright shop, which was rented to good workers in these lines. Extensive horse sheds are provided.

Soon the members began to call for pins, and other light household supplies, a stock of which was gradually added. Each year trade and stock increased, until in 1890 a fine store was built on directly in front of the

old warehouse. This is a splendid three-story structure 40x60 feet, with a cellar under the whole, which, with the old part, gives a total length of 144 feet. A front view appears in Fig. 30, and the various departments

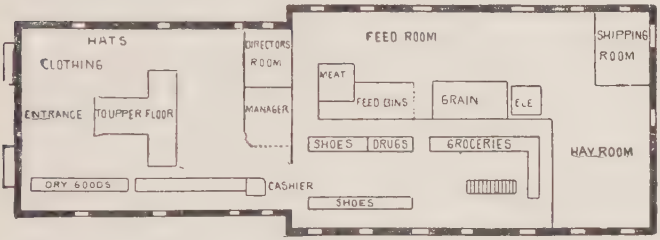


FIG. 31. PLAN OF FIRST FLOOR OF THE HAMMONTON STORE.
The Narrow Part is the New Store, a Front View of which Appears in the Preceding Illustration; the Wider and Longer Part is the Original Building, a Separate Picture of which is given in the Upper Corner of Fig. 33.

are outlined in Figs. 31 and 32; the third floor of the new part is used for storage and a workshop. It will be seen that the store carries a complete line of everything required to supply the wants of both farmers and vil-

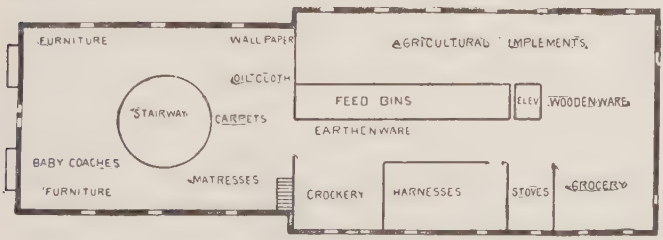


FIG. 32. ARRANGEMENT OF SECOND FLOOR.

lagers and their families. The location is not far from the passenger depots of the two railroads.

The Growth of the Business is such that from May to September a special engine, furnished by the

railroad, is required to switch the cars handled. Shipments of fruit run from one to fifteen carloads daily, from two million to three million quarts of berries being forwarded per season, tons of grapes, and many bushels of pears. Other produce is handled in a small way, but fruit is the great industry. The developments of the different phases appear at a glance in this table:

COMPARATIVE STATEMENT OF THE HAMMONTON SOCIETY.†

	1890.	1889.	1888.	1887.	1886.	1885.
Assets, gross	$51,050	$39,790	$35,845	$23,149	$15,993	$9,454
Liabilities	15,016	7,354	9,679	6,027	3,452	1,357
Assets, net	36,034	32,436	26,166	17,122	12,541	8,454
Sinking fund	2,004	1,501	961	621	379	133
Gain in store	7,065	5,281	4,993	*6,803	4,444	2,652
Gain in shipping dep't	4,365	4,774	6,817	.....	.....	.....
Total profits	11,430	10,055	11,810	6,802	2,105	712
Store receipts	132,791	116,639	110,129	76,790	*53,616	*32,752
Store expenditures	125,726	111,358	105,136	72,862	*51,501	*32,040
Store profits	7,065	5,281	4,993	3,921	*2,105	*712
Shipping receipts	7,413	8,252	6,928	5,048	.....	.....
Shipping expenses	3,048	3,478	3,111	2,167	.....	.....
Shipping profits	$4,365	4,774	6,817	2,881	.....	.....
Shares sold	.....	1,038	566	520	354	479
Shares, total issued	3,390	3,404	2,407	1,841	1,321	985
Members added	51	50	87	52	48	30
Members withdrawn	.....	2	.....	.....	.....	.....
Total No. of members	519	468	420	333	281	233
Bills receivable	$13,074	11,415	9,790	5,049	2,155	418
Dividends paid	7,816	3,785	3,427	.....	.....	.....

†Slight inaccuracies are due to omissions of cents. *Includes both store and shipping departments.

Explanatory Notes.—Since 1886 the accounts of the store and of the shipping department have been kept separate, so that the profits of the former might go to purchasers, while the profits of the shipping department are reserved to furnish capital. Some fears have been expressed that the growth of the store might lead to neglect of the marketing, but this has not proved so, nor is it likely to, since the fruit-growers only are shareholders. The increase in assets, business, profits and membership is most gratifying. The bills receivable show that some credit is given, but great care is exercised, credit being given only to shareholders whose shares or shipping dividends are good security. The figures show that the percentage of credit sales has

slightly increased,—a tendency that should be stopped. The sinking fund is invested in a building association.

Great care is exercised to secure a fair and equitable adjustment between the two departments of the exchange. The directors get $25 a year for their services, and are fined $1.50 for every absence from meetings. These salaries are divided between the two departments. All rents, including the rent of the store, go to the shipping department, as it is practically the owner of the business. Nothing is allowed for depreciation of buildings, but this is offset by the increased value of the real estate, which is worth fully $1,500 more than it stands for in the assets. The store receipts and expenditures stated above include stock, cash and bills on hand, as well as actual sales, the latter last year being just about $100,000 (1890), of which eighty-four per cent was to shareholders and the rest to the outside public. These points will appear still clearer from the following:

ANNUAL STATEMENT (HAMMONTON) FOR 1890.

CASH ACCOUNT.

Jan. 1, 1890, On hand.....	$395.29	Dec. 31, 1890, On hand...	$989.78
Rec'd dur'g year.	127,103.15	Paid dur'g year..	126,508.66

GENERAL STATEMENT.

ASSETS.			LIABILITIES.		
Stock in store		$19.712.12	Interest due on capital...		$1,171.56
Due on accounts.	7,955.67		Unpaid shipping divid'd		56.01
Due on notes.....	5,133.41		Unpaid store dividend...		866.12
Due on mortg's...	1,219.43	13,038.61	Unpaid store bills		972.61
Sawdust		73.75	Sundry bills payable.....		11,949.75
Sinking fund net.		2,035.15			
Track scales.....		557.00	Total liabilities.....		$15,016.05
Fixtures less 10% Jan. 1, 1890.....		835.32	GAIN IN ASSETS, DEC. 31, 1890.		
3½ acres of land..	612.25		Net assets.....		$36,034.14
Store with improvements....	3,895.44		Net assets, Dec. 31, 1889.....	$32,419.58	
Dwell'g & 1 acre.	1,100.00		Less store dividend, $3,524.78.		
Fertilizer house..	299.47		Less shipp'g dividend, $4,290.80.	7,815.58	
Horse sheds.....	240.00			$24,604.00	
Coal dumps.....	740.00		Net profits of store, 1890.....	7,065.22	
Ice house.....	856.62		Net shipping department	4,364.92	36,034.14
Blacksmith shop.	625.00				
New store	4,169.78	12,538.56			
Cash on hand.....		989.78			
Total assets.....		$51,050.19			

ACCOUNT WITH THE STORE.

EXPENSES (OR CREDITOR).		RECEIPTS (OR DEBTOR).	
Jan. 1, 1890, inventory....	$17,475.51	Dec. 31, 1890, inventory..	$19,712.12
Book accounts due..	8,740.05	Book accounts.....	7,940.66
Notes on hand.....	3,341.39	Due on notes	5,133.41
Mortgages on hand..	1,000.00	Due on mortgages.....	1,219.43
Fixtures..... $617.80		Fixtures on hand.....	835.32
Fixtures bought in year..... 217.52	835.32	Cash on unpaid bills at last reports.....	2,365.97
Merchandise bought....	83,717.72	Cash on sales.....	93,921.57
Auditors and directors (one-half).....	143.75	Cash discount.....	940.42
Freight paid during the year.....	4,584.79	Interest and discount...	722.20
Wages paid during the year.....	4,188.31		
Advertising	51.47		
Interest on capital st'k.	554.65		
Taxes and insurance....	218.43		
Store expenses.....	641.77		
Bank discount.....	535.72		
Rent of store.....	360.00		
Net profit to balance....	7,065.22		
Total.....	$132,791.10	Total.....	$132,791.10

ACCOUNT WITH THE SHIPPING DEPARTMENT.

PAID (OR CREDITOR).		RECEIVED (OR DEBTOR.)	
Auditors and directors' salaries (one-half).....	$143.75	From commission merchants.....	$5,166.77
Sundry expenses.....	184.49	Railroad company, released freight*.....	1,585.87
Ice	230.00	Railroad company, clerk hire.....	105.00
Insurance and taxes.....	130.34	Membership fees.....	51.00
Interest on capital.....	466.55	Rent of store	360.00
Repairs	15.54	Rent of blacksmith shop.	15.01
Claims for losses.....	40.00	Rent of dwelling house...	96.00
Printing and delivering dispatches.....	382.61	Fines for absence.....	4.50
Secretary's salary $150.00		Sale of old crates.....	4.32
Clerk hire..... 370.08		Sale of pickers' tickets† ..	24.70
Wages of loaders. 517.10			
Superintendent .. 233.85			
Agent..... 210.94	1,481.97		
Net profits to bal...	4,364.92		
Total.....	$7,413.17	Total.....	$7,413.17

*Rebate; now done away with and made up in lower rates. †Commission on sale of railroad tickets for transportation of berry pickers.

The Store Management aims at selling absolutely pure and honest goods at fair retail prices. At the start the local merchants charged extravagant prices, which the "Coöps" cut quite savagely to get the business—a mistake that it is hard to recover from, and which has limited dividends to six per cent.

The working force includes a general manager, a bookkeeper, one cashier, seven male clerks and two female

FIG. 33. SHIPPING DEPARTMENT OF THE HAMMONTON FRUIT UNION.
The Building in the Corner is the Society's Original Warehouse, to which the Addition shown in Fig. 30 has been built on the end.

clerks, and one or two horses are used in the collection and delivery of orders. An approved system of handling the cash is adopted, similar to the system in big city stores, and much like that of the Arlington society excepting that, in lieu of checks, patrons get a slip containing the names, prices and amounts of the articles they purchase. Duplicates of all these slips go to the cashier, who handles all money and makes all payments, and whose cash registering machine is a further check.

The bookkeeper has no connection with the cashier. He makes a daily record in a memorandum book of the amount of each slip turned in (to the cashier and stamped by him) by each clerk, the cash sales entered in black ink and the credit sales in red. This record has to tally with each clerk's report. The lump sum of the cash sales are transferred direct to the cash book daily, while the charges against members are posted up from the individual slips into a ledger. The store preserves its slips and so does the member, so that each party has a check on the other and the auditors a double check on all employes. A trial balance book is kept, from which reports are made up for the monthly meetings of the directors. It contains a statement of all bills paid under their respective headings, the cash receipts in the different departments and a statement of the balance due from members. In a dividend book are posted up the monthly totals of the purchaser's slips, the quarterly dividend on which is credited on his account if he owes, or otherwise is paid in cash. The journal carries the total of accounts which are posted under their respective headings in the ledger, the system being common double entry.

The store has had to meet with the usual amount of misrepresentation and opposition from the other dealers. This has been particularly savage because the store undertakes to carry all lines of goods. The usual amount

of lies and rumors against it are constantly circulated, which are not without effect on the weak-kneed. As a rule, however, to their credit be it said, the members are well satisfied and loyal. The business is not confined to Hammonton, but members and patrons come from other towns. So great is its success that there is a constant pressure from distant patrons to open branch stores in other townships.

The Shipping Department is supported by the three-tenths rebate paid it by the produce merchants out of their ten per cent commission on sales. These agents remit direct to the shippers the net amount received for each person's shipment less commission, freight and cartage, a duplicate of each account being sent to the Union also with check for its three per cent rebate. The business is not large enough to bring the buyers to Hammonton and thus enable the Union to sell its produce on the spot, as the Delaware Fruit Exchange was able to do—the perfect system. (See Page 213.) A superintendent, two clerks, five loaders and six dispatch-carriers are employed during the shipping season.

The contract with city commission men provides that they shall report all sales by wire immediately. Thus Monday's shipments, sold early Tuesday morning in Philadelphia, New York and Boston, are reported at the special telegraph office in the union store at Hammonton by half past nine o'clock Tuesday morning. These reports are rushed to the printing office and by eleven o'clock are printed in the form of a daily bulletin, which also contains any notices to shippers or commission merchants that the officials of the Union wish to make. As soon as off the press the bulletins are distributed by boys on bicycles or horseback to every member of the Union, some of whom are five miles distant. Thus by dinner-time every fruit-grower in the neighbor-

hood who is a member of the Union knows just how the markets were that morning, and can make up his mind which markets he will consign to on the trains going out in the afternoon. This exceedingly valuable service costs the union about four hundred dollars, or about seventy-five cents per member, and is well worth it. A copy of the bulletin is put in the berry crate containing freight manifest that goes with each shipment to every agent. This very practical and valuable feature will be better appreciated by reprinting a sample copy.

DAILY BULLETIN.

Published by the Fruit Growers' Union
And Coöperative Society, Limited.
Republican Print. **Hammonton, N. J.**

Time for Receipt of Berries.

For Boston, Providence, Scranton, and points north of New York: from Union Depot at 8.00 A. M.; from Elm, 8.45.
For New York and Newark: Union Depot, 5.50 P. M.; Elm, 6.15.
For Philadelphia: Union Depot, 7.50 P. M.; Elm, 7.00.
Train on Sea Isle City Road will leave Folsom at 5.00 P. M., connecting with New York and Philadelphia.

Vol. XI, Tuesday, June 30, 1891. No. 30

Boston.
Bigelow & Co. Del. *Blacks* selling 15-18 prospect good for fine stock
Rice & Holway. Del. *Blacks* sold to-day 10-12 *Reds* pints 6
Kimball & Co. *Reds* good order sold pints 8 Del. *Blacks* selling 14-15

New York.
Combes & Co. *Reds* pints 5-6 *Caps* 7-8 *Hucks* 12-14
Cole & Co. *Caps* quarts 7-8, pints 4 *Reds* pints 6-8
Bogart & Son. Sold *Reds* quarts 8-12 *Caps* 6-8
Furman & Co. *Caps* sold 3½-4 *Reds* 5-6 pints
W. L. Snyder. *Reds* pints 5-6 *Caps* 4, quarts 7 selling good
Melick & Co. *Reds* 5-6 *Caps* 4 pints good demand
Wygant. *Reds* pints 5 *Caps* pints 4, quarts 7 *Blacks* 9-10

Philadelphia.
Adams. *Reds* 9-10 *Caps* 5-6 *Blacks* 10 Early Harvest
McCully & Co. *Reds* 8-12 *Caps* 5-7 *Blacks* 10-15 Better to-morrow
Mover & Co. *Reds* 10-12, five crates 8 *Caps* 5-7 *Blacks* 15
Sitley. *Caps* 5-6 *Reds* 8-12, mostly 10
Shillingsburg & Co. Sold *Reds* 4-5 *Caps* 3 *Blacks* 12 *Blacks* 10
Batten & Co. *Caps* 6, few 4 *Reds* 8-12 quarts *Hucks* 12
Redfield & Son. *Caps* sold 5-6 *Reds* 8-12 quarts *Hucks* 15
McDougal Bros. *Reds* sold 8-12 *Caps* 5-6
Kienzle. *Reds* 8-12, mostly 10 *Caps* 5-6 out demand good.
Cahall & Baynard All sold *Reds* 9-8 *Caps* 5
H. B. Smith & Co. *Reds* 12-14, few 10 *Caps* 6-7 *Hucks* 12 *Blacks* 11
Wescoat. *Caps* 5-6 *Reds* 8-12 *Hucks* 12 out ship heavier
R. P. Stewart & Co. *Reds* 12-10, four crates 8 *Caps* 5, three crates 4

Roberts & Andrews. Sold *Reds* 9-10 *Caps* 5 quarts demand good
Emley. Strawberries 5-7 *Reds* 8-14 *Caps* 5-6 out
Sawyer & Co. *Reds* 8-10 *Caps* 5-6 quarts
Wick & Bro. Sold *Reds* 9-12 *Caps* 5-7 *Blacks* 10
Conway & Co. *Caps* 3-4 *Reds* 4-6

Newark.
Debow & Co. *Caps* pints 3-4 *Reds* 7-8
Kaiser *Caps* pints 4-5, quarts 8 *Reds* pints 7
McNair. *Caps* sold 4 *Reds* 5-7 pints mostly small and poor

Pittsburgh.
Baxter & Renton. Raspberries scarce 10-12 Blackberries same
Ship early train

Ship for Boston and other eastern points this afternoon. Closing time same as for New York,—5.50 at Union; at Elm, 6.30.

No shipments Sunday by freight or express. You can ship to Philadelphia by express Monday morning at 5.00 o'clock, from Twelfth Street. Car will be placed and berries received Sunday afternoon.

The following names have been added to the list of Commisison houses: Albert Adams and Nock, Whealton & Co., both of Philadelphia.

We expect to have Refrigerators for Philadelphia, New York and Boston, Saturday afternoon. They will be iced so that they can be loaded any time during the day on Saturday.

NOTICE TO ELM SHIPPERS. On and after this date the closing time at Elm for Philadelphia will be 7 o'clock.

The Boston train will go on to-morrow—Wednesday—July 1st. There will be a Refrigerator for Boston. ☞Remember that the closing time for this train is *Eight o'clock, sharp.* You MUST be on time for the Boston train; we cannot hold it.

A REQUEST.—Commission merchants would prevent possible errors if in their telegrams they would designate Black Caps as *Caps;* Red Raspberries as *Reds;* Blackberries as *Blacks;* Huckleberries as *Hucks.* Please use these convenient terms,
And oblige THE PRINTER.

The Lessons of it All.—The people and locality are not specially adapted to coöperation. There is not as much social intercourse among these people as is common in many other places. The farmers are mostly intelligent, but not extraordinarily so. The presence of an increasing number of Italian farmers would also appear to be unfavorable to the effort, but does not prove so. One of the directors is an Italian, and a level-headed farmer and fruit-grower he is. E. R. Sproul has been the president and Z. U. Matthews the secretary and manager from the start, both being practical farmers. Mr. Matthews, who adorns our frontispiece, had some mercantile experience before he went to farming. The other directors are also farmers—L. H. Parkhurst, Charles Allbright, Thomas Rogers, H. J. Monfort, Henry G. Newton, Albert S. Gay, Matteo Campanella.

The weakest point in the whole affair is the growing dependence upon the manager, who is constantly overworked. The auditors fail to do their duty with the searching thoroughness practiced by the Arlington auditors. (See Pages 65 and 66.) While the books are well kept, an unsparing audit is specially necessary in a country society to maintain the *esprit du corps* and strict adherence to best business principles. Another weak point is the failure to make quarterly reckonings, the excuse for which is the great work of taking an inventory. To this may be added the dangers of the credit allowed.

No institution can be perfect, and aside from these points there is little to criticise. The annual reports printed in pamphlet form are models of clearness, and are also of value for the practical information they give to fruit-growers, and the helpful hints offered to coöperators by President Sproul.

THE PEOPLE'S EXCHANGE.

The feasibility of broadening out the coöperative store in cities and towns, so that it shall be both a market for farmers and surrounding producers as well as a center of distribution for the supplies of its members, is self-evident. It would differ in detail only from the associations previously described, and therefore need not be treated in full.

CHAPTER X.

WOMEN'S EXCHANGES AND HOW THEY MAY BE RUN.

Helen Campbell, the leading authority on this form of practical coöperation for women, has written successfully for this work the following account:

In the beginning of work in this direction it was taken for granted that only the largest cities could afford a market for the articles sent in. To the casual observer entering for the first time a Woman's Exchange, it seemed to contain only masses of ornamental work, from a decorated rolling pin, or boot jack, up to an embroidered portiere, and the conclusion naturally was, that the new opening for women was simply one more means for the dissemination of bric-a-brac, and could be patronized only by the very rich. This for the outward department, but closer examination soon showed that the real source of income lay in the order department, with its supplies of dainties and substantials of every variety. Delicate cake, pastry and rolls in plain view, were only the suggestion of what is actually received and delivered, from salads and pickles to clear soup jellied, or any desired dish beyond the power of the ordinary plain cook.

Provisions of this order are in demand in every town, above all where good cooks are hard to find, and the overworked housekeeper would entertain with as little trouble to herself as possible. This always increasing class guarantees a steady sale for certains forms of well-prepared food, and for wealthier customers, hampered hardly less by the present difficulties of domestic service,

special orders for special occasions increase the possibilities for earners.

For the history of individual exchanges, send to any one on the list in the appendix. The New York Exchange was the pioneer in the work, and has told its own story so frankly and fully that each new comer knows the rocks and shoals to be avoided, and can send out its prospectus with a clear knowledge of every vital point.

Two Sets of Duties are to be considered; those of the organizers of the Exchange, and those of the consigners. For the first, much of the work is necessarily voluntary, though the larger Exchanges are finding it well to pay good salaries to competent managers. In such cases a larger entrance fee is charged, that for New York being five dollars a year, and ten per cent on the price received for the goods. Philadelphia, where rents are far lower, has an entrance fee of only two dollars, with the same commission, while in smaller cities many charge but one. In many cases the philanthropic committee of the Woman's Club hold themselves responsible for the first year's rent, and this gives a feeling of security for the first few uncertain months. It has been found, however, in the ten years' work in this direction, that even the first year will often cover expenses, and the second leave a small surplus for improvement of methods.

In a town of any size it has been found best to secure a whole house, and make it, as far as possible, pay its own rent. There is always some widow to be helped, who will, for the rent of a room or two, act as janitor and keep halls, etc., in order, while the upper rooms can be rented to young women who want rooms. This leaves vacant one or two floors. The front room of the first must be fitted up with glass cases, where delicate work can be hung in plain view yet free from dust, with

the usual arrangements of a counter and cases upon it for the display of smaller articles. Here is the post for the business manager, who, if the Exchange is small, is bookkeeper, cash girl and doer-up of all packages, as well as in charge of all correspondence, this last being the heaviest tax on time and patience. Success speedily allows a larger force, but everything depends on the quality of the business manager, who, after a clear and full understanding with the various committees in charge as to what is expected of her, should be left free and untrammeled by unnecessary suggestions or interference.

Desirable as it always is to have the premises entirely under control of the officers, a whole house is not absolutely necessary. On the contrary, an Exchange can begin with only two rooms, and the cheapest of shelving and general fittings, curtains taking the place of glass doors to cases, and everything being conducted on the principle of spending not a cent that can be avoided. But an attractive room draws custom, and should be considered a necessary part of the investment; and to secure this, several very prosperous Exchanges have begun with a loan from the Woman's Club, in form of a subscription from each member, who looked upon it as one of the most efficient means of teaching women how to help themselves, and preferred also to keep the entire machinery for work in the hands of women.

In Prosperous Exchanges, almost without exception, it has been found best to open, in connection with the department of food, a lunch room, in which the more perishable kinds can be utilized. Several now include a restaurant, and that for Philadelphia has incorporated with it the cooking school, and plans also for a training school for domestic service.

All this is beyond the first aim of smaller ones, but the lunch room is perfectly practicable. It requires, in

the beginning, simply several small tables, with the linen and service for each of good quality. Pretty china is now so inexpensive that it is easy to provide each with a service as attractive as the home table offers. Freshly-made tea in a little Japanese pot, and the homemade rolls and cake, or bouillon, salads and savories, make a lunch far more desirable than anything to be found in the ordinary restaurant. Often a certain number of business men agree to lunch at the Exchange, and this is the nucleus of a restaurant which, if well managed, becomes a source of immediate profit.

The main point, and one never for a moment to be lost sight of, is the keeping up the standard to the highest point of excellence. It is far better to have a very limited bill of fare, giving certain dishes to certain days, and insisting that each shall be perfect of its kind, than to have a long list, many items of which are doubtful.

For a restaurant on this scale a cook and one waiter are likely to suffice, and this cook, who has to think of but one meal's necessities, is most often a consignor, who finds that more money can be made by taking charge of such a department than by simply sending in goods for sale.

The Organization.—The duty of any committees in general charge is to fix the scale of prices, draw up general rules for the consignors, and have oversight of the divisions of work. The usual officers are, president; as many vice-presidents as may be decided upon, from one to ten being equally in order; a treasurer and assistant treasurer, a recording and corresponding secretary, and an auditor. This is all voluntary work. There are usually standing committees on nominating, finance, publishing, house, lunch or restaurant, domestic art, needlework, bureau of information, etc. Each one of these has its chairman, upon whom, most often, the chief work devolves. That a good deal of work must

be done must be taken for granted, especially in the beginning, since often committees need education no less than consignors, but every month lessens difficulties and brings things to a better and more genuine business basis.

The severest and most trying labor falls upon the adjudicating committee; those on art needlework and the other supplies sent to the Exchange. So many samples sent are poor in design and execution that it requires educated taste as well as firm decision to speak the full truth, and refuse to open with specimens that could only bring discredit. This is, however, the first essential, and no Exchange can prosper which ignores this, or allows place to inferior work in any one of its departments.

It is possible, in the first beginnings of a small Exchange, that the work of the manager of sales may for a time have to be voluntary. Various reports record several changes of agent a year, this arising from the fact that more lucrative employment came to their manager and they parted with her because it was part of their work to aid women in this way. By the end of the first year the smaller exchanges can, however, pay a fair wage to a manager, a superintendent of lunch and her assistant, and a delivery boy, with provisions for laundry work and cleaning.

Constant interest, wise supervision, efficient service, and contentment with small profits, added to the promptest of payments to consignors, make the duty of any Exchange. Rigid rules are necessary to secure these ends, and we turn now to the demand to be made upon all consignors, with the general directions applicable to all who forward goods.

The Consignor who objects to paying a deposit as well as a percentage on sales must recollect that there are inevitable expenses which, if not met in this way,

must be met by charity. A yearly fee is therefore the only really self-respecting method to adopt, and it should be paid without hesitation. In most Exchanges samples of the work to be done are now required. This is an advantage to the consignor, who gets the benefit of criticism on her work and is thus enabled to correct defects and reach a higher standard than would have been possible without it. It is now taken for granted that wax and feather flowers, hair and perishable leather work, spatter and splinter work and cardboard are all unsalable and cannot be accepted.

Express or mail charges must all be paid in advance, and no articles are now registered on the books till this is done. Every article sent in by consignors must have on it a tag containing the name of article, number and price, these prices being subject to approval by a competent committee. The consignor must also name the lowest price she will take, this to be, in every case, respected by the committee. The name, address and list of articles sent must be written plainly and accompany each consignment.

Payments are generally made twice a month. Articles remaining unsold at the end of a year must be returned at owner's expense. Woolen goods are seldom received on consignment between June and October, though orders for them are taken at any time. Stamps must always accompany letters of inquiry, and consignors who wish articles returned by mail must take all risks.

These are the general rules covering consignments in either the art or needlework departments of any exchange. In the domestic departments experience has compelled regulations no less minute. Consignors of preserves, pickles, etc., must conform to regular sizes of jars, tumblers, bottles, etc., viz., quarts, pints, half pint and quarter pint tumblers, quart and pint bottles. Metallic covered jars are no longer received, glass tops being in

all cases required. Each box must contain an invoice of contents, and a duplicate invoice must be sent by mail. If fruit is discovered to be worked or spoiled, notice is sent the consignor, after which time tho responsibility of the Exchange ceases.

An understanding is required between the head of a department and a consignor as to when cake and other edibles are to be considered stale, after which time the Exchange is not responsible. Ingredients of mixed pickles and other articles must be given, in order to make intelligent sales. These are the general rules governing all consignments, and are the result of long experience as to the fairest methods of dealing with both customers and consignors.

What Will Pay Best.—For consigners themselves, let it be understood in the beginning that art work of any description, unless of most exceptional excellence, will bring but poor return. It is perfect cake, preserves, rolls, anything in the nature of food that is most likely to mean a good income. One woman, who supplies the New York Exchange with pies, has for several years made over a thousand dollars income; but even she, with a natural gift for the work, had to be taught the necessity of making each batch alike. Women, unless special training has been given, are apt to think that it makes little difference if a batch of cookies are all unequal in size, even when to be sold by the dozen, and they are equally indifferent to exact proportions of ingredients. Every Exchange becomes thus a training school, and often has a list of consignors who are indignant at criticism, and who accuse managers of favoritism and partiality. Managers are human, and this may in rare cases be true, though it is difficult to see how, since the one desire with all is to see the best work in their cases.

Let the consignor then be certain that her product is perfect as hands can make it; her loaves of bread or

cake always equal in size and weight, and her cookies or small cakes no less so. If not near enough an Exchange to visit it and find out details as to packing, it would be well to remember that it is these finishing touches that distinguish skilled work from unskilled. It is perfectly possible for the home worker to learn them all, and thus have the skilled confectioner's finish, with the flavor which only home cooking knows.

When a business is made of it, there will be a full supply of boxes, cotton-batting, "excelsior" and waxed paper. A beginner who has not these, and wishes to send a loaf of cake experimentally, must choose a box that has no scent of former contents. The cake should have been baked with thick paper under and at the sides, and this is not to be removed, as it will help to keep all in shape. Lay a sheet of white paper at the bottom of the box and place the loaf upon it. Cover the top with another sheet, and on this put a layer of cotton. Now pack the box very carefully with bits of old newspapers first, and then whole ones, till it is impossible for the cake to move. A wooden box is always best. If of paper, it would be well to put several newspaper layers at the bottom before laying in the white paper.

If small frosted cakes are to be packed, follow much the same directions. Lay them in carefully, cover with waxed paper and then with cotton, treating each layer in this way till all are in. Excelsior will fill all the chinks better than newspaper, but these will answer if the former is not to be had. Even with cookies it is worth while to take almost the same pains, since a sale often depends on their having unbroken edges and a fresh appearance.

Specialities Most Profitable.—If possible every consignor to a Woman's Exchange should have some specialty. The choicer forms of cake are always in demand, yet most choose the plainer sorts through dis-

trust of their power to make anything better. A few failures are often the price of success, and what seems waste really the tuition fee. To be carefully slow and "fussy," as some of the processes seem, will mean quicker success in the end. There are various books which serve as aids, notably those of the late Catherine Owen, who made a specialty of Exchange work. Each locality has its own tastes, and a visit or a letter to the nearest Exchange will show what is most required there. Let the work, of whatever nature, be as nearly perfect as can be compassed, and there need be small fear of not receiving a fair return for all the labor expended.

Finally, let the consignor of preserves, etc., remember that the matter of putting up is a most important one. A carelessly filled jar with a label askew repels the buyer, accustomed to the neat methods of the professional canner or preserver. It is quite worth while, when well launched, to have a special label, which must be gummed on as carefully as the professional ones. Evenness of quality, such as distinguishes English jams, pickles, etc., is one of the first necessities, and every ingredient used should be of the best. Miss Martin's work in these directions is known by every first-class grocer in the country, and it is perfectly possible for other women to do equally well.

Two balance sheets of successful Exchanges are given; one an example of work in a large city; the other showing what may be done with small means.

ANNUAL REPORT OF THE PHILADELPHIA WOMEN'S EXCHANGE.

RECEIVED.		PAID OUT.	
Cash balance, Feb. 28, '90.	$370.10	Consignors.	$14,562.14
Needlework.	7,912.26	Rent.	3,500.00
Art work.	5,177,77	Salaries.	2,094.17
Domestic department.	3,400.59	Furnishing and repairs.	448.87
Bouillon, coffee, etc.	139.08	Stationery and printing.	547.46
Embroidery silks.	66.47	Table Talk and Housekeeper's Weekly.	34.36
Rent of rooms.	1,600.80	Insurance.	17.50
Consignors' tickets.	744.00	Miscellaneous.	108.55
Life membership.	50.00	Advertising.	36.20
Annual subscriptions.	680.00	Telegrams	18.00
Club tickets	60.00	Training school classes.	168.00
Donations.	821.28	Coal and wood	94.81
Entertainments.	214.75	Gas.	175.20
Training school classes.	189.54	Lunches of employes.	286.30
Incidentals	45.75	Incidentals.	207.99
Fines.	13.50	License for registry bureau.	50.00
Interest on deposits.	24.62	Extra to employes.	65.50
Miscellaneous	99.24	Cash balance, Feb. 8, 1891.	819.88
Registry bureau.	1,590.50		
Table Talk and Housekeeper's Weekly.	34.68		
	$23,234.93		$23,234.93

ANNUAL REPORT OF THE HARLEM (N. Y.) EXCHANGE.

RECEIVED.		PAID OUT.	
Cash balance, April 1, '89.	$96.90	Rent.	$600.00
Commissions	242.25	Salaries.	791.56
Subscribers and donors	870.00	Insurance	2.10
Consignors' subscriptions.	56.50	Fuel.	22.50
Gypsy festival.	625.14	Gas.	16.61
Donations.	13.50	Sundries.	45.56
Library	8.00	Printing, etc.	28.30
Fines.	7.55	Postage	7.61
Register.	1.00	Cash balance, April 1, 1890.	538.13
Interest on deposit.	21.56		
Entertainment at exchange.	110.00		
	$2,052.40		$2,052.40

SUPERINTENDENT'S REPORT FROM SALESROOM.

	Receipts.	*Paid Consignors.*
May 1, 1888 to April 1, 1889.	$2,075.87	$1,867.92
April 1, 1889 to April 1, 1890.	2,407.16	. . . . .

Year.	*Bread and Cake.*	*Preserves.*	*Fancy Articles.*	*Orders.*	*Miscellaneous.*	*Total.*
1888	$ 814.71	$254.56	$536.95	$171.45	$298.20	$2,075.87
1889	1,232.70	338.59	555.40	182.33	108.14	2,407.16

THE SPRINGFIELD (ILL.) WOMEN'S EXCHANGES sales in 1890 were $9,698, of which $7,600 was returned to consignors. The balance went for expenses, the largest items of which were $643 for employes and $580 for rent. The edible department was the most successful, having had passed over its counters over $7,000 worth of goods, including white bread, 3,252 loaves; brown bread, 2,456 loaves; cake, 2,860 loaves; rolls, 6,128 dozen; cookies, 1,873; tea cakes, 2,073 dozen; doughnuts, 3,595 dozen; pies, 1,907; beans, 999 crocks; potato chips, 710½ pounds; mince meat, 590 pounds; plum puddings, 296; cottage cheese, 397 quarts. In the lunch department, 4,537 meals were served at an expense of $1,020, leaving $92 net profit.

The Proper Rules may be modeled on those of the Harlem (N. Y.) Women's Exchange. It will be seen that women in small places and out in the country can get the advantages of such coöperation as well as those in cities. The women members in coöperative societies should have a branch of this nature established in connection with it for their benefit.

RULES FOR A WOMAN'S EXCHANGE.

1. We receive work through a subscriber to the funds of the society to an amount not less than five dollars for the current year.

2. Each subscriber of five dollars may enter the work of three (3) persons for one year. Consignors not using subscribers' ticket may enter work for two dollars per year.

3. Our commission is ten per cent on the price received.

4. All work is received subject to the approval of the managers.

5. Wax and feather flowers, hair, leather, splatter and splinter, and cardboard work are too perishable and unsalable to be accepted.

6. Articles will not be registered until express and mail charges have been paid on them. Articles are registered between the hours of 11 and 4. Packages left at other hours must be marked by consignor, with name, address and price.

7. Consignors must call or send for their articles at the expiration of one year from the date of their entry. If not sent for within a month after that time, the Society will not hold itself responsible for them. No articles can be withdrawn between September 15th and 27th. Articles cannot be re-entered. Articles sent for by a consignor must be described.

8. The Society does not hold itself responsible for losses, having taken all reasonable precautions against fire and theft.

9. All letters containing information about articles sent to the Exchange should be addressed to the Society, with stamp inclosed for reply.

10. Articles which ladies are obliged to part with are received only upon the recommendation of an officer of the Society, and under the rules which are applied to other consignors.

11. In the cake and preserve department there is a standard, and none can enter cake or preserves without first sending samples of their work. Pickles, preserves and jellies are sampled every year.

12. No preserves are received before October 1st or after April 1st.

13. No worsted goods are received after June 1st until October 1st.

14. Consignors desiring articles returned by mail must take all risks, and must give three days' notice for withdrawal of any article.

15. Work is not received from gentlewomen whose circumstances do not make it necessary for them to dispose of their handiwork, except where the proceeds are to be devoted to a charitable purpose.

16. Cash payments are made on Saturdays to consignors in the Cake and Preserve Department, and on Wednesdays to all other consignors.

17. Consignors must put their own prices upon the articles they send.

CHAPTER XI.

THE FUTURE OF COÖPERATION.

The Immediate Work for wage-earners and farmers, producers and consumers, is to grasp the possibilities of coöperation. They should educate themselves in its principles, and then begin in a small way to carry them out. A start of the right kind, under the humblest auspices, is far better than more pretentious and usually injudicious effort.

Put in practice in this way, past success and experience will make the future of coöperation comparatively sure for those who practice it in a genuine manner and with proper management. But the future holds no inducements for porely conducted or mismanaged coöperation.

A Coöperative Congress.—The great step that should now be taken is for coöperators to get together. Weak efforts in this direction have already been made, but a comprehensive union is needed that shall bind together the distributive societies and enable them to assist each other. With communication established between coöperators, not only distributive societies but the other forms of coöperation described in this Manual, it will be feasible to hold during the World's Fair at Chicago in 1893 the first coöperative congress in America. Such a convention, with its different sections for special phases of associated effort, and its mass meetings for the consideration of topics of general interest, would immensely stimulate the progress of true coöperation.

Nationalism and Socialism.—It is doubtless true that the general success of coöperation must gradually

precede much of the nationalistic and socialistic propositions of the day. Whether coöperators, having proved the utility and independence of self help, will then desire to put it on a state or national basis, as advocated by the nationalists, time alone will reveal.

Certain it is that coöperation is destined to bring producer and consumer comparatively close together. It will enable farmers to carry out many long-cherished schemes for marketing their produce and buying their supplies. It will enable the wage-earner and all consumers to save enormous sums with comparatively little effort, which may be profitably used by wage-earners becoming their own employers in productive industry. Public sentiment in favor of coöperative thrift will take the place of the present general tendency to extravagance in small matters. By diverting the profits of industry from the strong box of monopoly into the pockets of the people, coöperatio will go far to solve the otherwise irre-n pressible conflict between labor and capital.

With Past Experience in this country and England combined with the superior energy and enterprise of the American people, coöperation is destined to make far greater progress on the American continent than it has in other countries. This statement is predicated on the idea that our people will be satisfied to undertake coöperation in a small way instead of beginning at the top, as has been the characteristic of the efforts in this direction heretofore.

Where Existing Laws are unfavorable for true coöperation, proper legislation can be obtained. Certainly the capital of most coöperative societies should be exempt from taxation, as are the savings banks in many of our States, for the society is a savings bank of the most effective kind. Neither should ignorance or modesty on the part of our people prevent their getting what legislation is necessary. Some States already have

excellent laws (see Appendix) while the just and equitable principles of true coöperation commend themselves to the most intelligent men, whose assistance in the movement can generally be secured.

The Future of Coöperation is thus fraught only with good to the individual and to the State. Its star is in the ascendancy, and nothing can stay its course.

APPENDIX.

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2. Descriptive Directory of all Classes of Coöperative Enterprises.
3. Laws Relative to Coöperation.
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1. MODEL RULES AND WORKING BY-LAWS.

THE ROCHDALE EQUITABLE PIONEERS' SOCIETY.

This society being the originator of the Rochdale system of coöperation, it has always aimed to be a model. We therefore publish in full its by-laws or rules, from its official record printed in 1889. They contain many points that will be studied with interest and profit by all coöperators. Some of their provisions are made to comply with the requirements of the English law, and therefore may not be adapted to American wants. The Rochdale rules are also longer and more numerous than our American societies employ. (The shilling is computed at twenty-five cents and the pound at five dollars.)

INSTRUCTIONS TO MEMBERS.

The candidate for membership will require to come and sign the declaration and pay a deposit on the shares of twenty-five cents or more.

Pass-books must be brought to the office, with metallic purchase tokens, in the first weeks of March, June, September and December of each year.

None but five dollar and twenty-five dollar tokens taken at the office The times for changing the smaller values can be ascertained by inquiry at the shops.

Members desiring to make withdrawals will be required to come themselves, or send a note by the person authorized to receive the money, such note to bear the bona-fide signature of the member. No member can withdraw his or her share account below one dollar without withdrawing altogether and forfeiting the sum of fifty cents from the amount in the book, and in this case it will require the member to attend at the office.

Interest is allowed on all contributions of even pounds from the 9th of each month, but no interest is allowed on sums withdrawn for the quarter in which they are withdrawn.

The office is open every day for the receipt of contributions and the payment of withdrawals, from 9 a. m. to half an hour before the time for closing the shops.

N. B.—No contributions are received from the Thursday before the stocktaking until after the stocktaking day. The day for taking stock, etc., may be found on referring to the Society's Almanac.

Rules of the Rochdale Equitable Pioneers.

Name, Object, and Place of Office.

1. This society shall be called the "Rochdale Equitable Pioneers' Society Limited."

2. The object of this society is to carry on the trades of general dealers, manufacturers, and the buying and selling of land.

3. The registered office of this society shall be at the society's store, in Toad-lane, Rochdale, in the county of Lancaster [England], where all the books of accounts, securities, and documents of the society shall be kept, other than such, if any, as are required for carrying on business on account of the same elsewhere; but the place of business may be altered by the committee of management.

4. In the event of any change in the situation of the registered office, notice of such change shall be sent within fourteen days thereafter to the Registrar in manner and form provided by the Treasury Regulation in that behalf.

Admission of Members.

5 (*a*) The society shall consist of the present members, and of all other persons who shall afterwards be admitted in the following manner:—

(*b*) A person wishing to become a member must apply at the office to the secretary or other officer appointed. He must state his name, residence, and occupation, and be proposed and seconded by two members of the society. He must also (at the time of application) sign a declaration stating his willingness to abide by the rules, and take out not less than five shares, and pay a deposit of not less than one shilling on account of the said shares, together with an entrance fee of one shilling, and threepence for a copy of these rules. Complete lists of the names, residences, and occupations of all persons who have applied to become members in manner hereinbefore stated, shall be submitted to the next weekly meeting of the committee of management for their approval; and if any person whose name is on the said list shall be objected to by the majority of the committee of management then present, the name of the said person shall be erased from the list. These lists, attested by the signatures of the president and secretary for the time being, shall be hung up in the society's Central Newsroom, for the inspection of the members three clear days at least prior to the next monthly or quarterly meeting of members following their approval by the committee of management; and if at the said monthly or quarterly meeting objection be taken by a majority of the members present at such meeting to any of the persons named on any of the said lists, such person or persons shall not be admitted as members of the society; but all other persons named thereon shall be considered

to be finally admitted. All persons objected to by either the committee of management or the members shall have the whole of the money which they shall have paid into the society returned.

(*c*) No person shall continue to be a member of the society who does not purchase from the society to the extent of at least twenty dollars per annum.

(*d*) Any society or company registered under Act of Parliament with limited liability may become a member of the society on application to the committee of management, and subject to their approval, and subsequent sanction of the members in manner herein provided for individual members.

6. A list of names and residences of candidates for membership shall be kept at the registered office of the society, and no person shall be deemed a member unless, or until, his name appears on this list. And the committee of management shall cause the names of all persons who under these rules cease to be members to be erased therefrom.

Mode of Holding Meetings, Right of Voting, and of Making, Altering and Rescinding of Rules.

7. That general meetings of the members be holden on the first Monday in each month, at half-past seven o'clock in the evening, and that the meetings on the first Mondays in January, April, July and October be the quarterly meetings of the society, at which meetings the officers shall make their reports, in which shall be specified the amount of funds and value of stock possessed by the society.

8. That the ordinary general meetings of the members be,—1st, for the approval or rejection of proposed new members; 2d, for the approval or otherwise of the minutes of the committee; 3d, for discussing the affairs of the society; 4th, for explaining the principles and rules of the society; 5th, for making suggestions for the guidance of the committee of management.

9. The general meetings of the educational department shall be held on the second Mondays in January, April, July and October, at half-past seven o'clock in the evening, for the purposes following:—For receiving the report of the committee; for empowering the committee to make special arrangements for extending the sphere of this department and for any other business connected therewith. The educational committee shall not be allowed to take any new premises without the sanction of the committee of management, or that of a quarterly meeting of the society.

10. A special general meeting may be convened at any time in virtue of a resolution of the committee, by a notice being posted in the meeting room and the principal places of business of the society, specifying the time and objects of the meeting six clear days at least before the meeting; or by any fifty members, on giving in like manner six clear days' notice thereof in writing, specifying the object, signed by them.

☞No other business can be transacted at any such meeting than the business specified in the notice convening it.

11 (*a*) All general meetings shall be held at the chief place of business of the society, or at such other place as any quarterly meeting may determine; and no quarterly or special general meeting of the society shall proceed to business unless at least fifty members of the

society be present within one hour of the time of meeting, otherwise such meeting, if it be the ordinary quarterly meeting of the society, or a special general meeting, convened by the committee of management shall stand adjourned to that day week; but if it be convened by notice from the members shall be absolutely dissolved. But any general meeting may adjourn from time to time for any period not exceeding fourteen clear days; and no meeting shall be rendered incapable of transacting business by the want of a quorum after the chair has been taken.

(*b*) No resolution of a quarterly meeting, of which one month's notice shall have been given, before submitting the same for consideration, shall be rescinded or amended except after a similar notice shall have been given of the intention of proposing such rescission or amendment.

12. At all meetings of the society, each member shall have one vote only, except the president, who shall have a casting vote in addition to his own as a member.

13. No new rule shall be made, nor any of the rules herein contained or hereafter to be made shall be repealed or altered, except by the vote of a majority of two-thirds of the members present and voting at a special general meeting of the society, to be called in pursuance of a requisition by fifty or more members, by fixing such requisition, and setting forth the day of holding such meeting, in the place where the business of the society is transacted, four weeks next before such general meeting. No amendment of rules is valid until registered.

Appointment of Officers and Committee of Management, Their Respective Duties, and Mode of Conducting Business.

14 (*a*) The management of this society shall be vested in a committee, consisting of a president, treasurer, secretary, and eight committee-men. The first committee under this rule shall be the committee in office at the time of the registration of this rule. The president, treasurer and secretary who shall be in office when this rule is registered, shall be the first president, treasurer and secretary under this rule. Afterwards the president, treasurer and secretary shall be elected at the general meeting to be held in the month of January, and three committee-men shall be elected at each of the general meetings to be held in the months of April and July; the remaining two committee-men shall be elected at the general meeting to be held in the month of October in each year. The committee in office when this rule is registered shall decide amongst themselves in what rotation they retire; the retiring officers being eligible for re-election; but if through death, resignation or otherwise, a vacancy should occur amongst the officers of this society, a special meeting of the members may be called, at which meeting another or others may be elected to fill such vacancy or vacancies. That no person be eligible for a member of the committee who has not been a member of the society twelve months, or eligible for president who has not been on the committee; but any member of the committee may stand his poll for the president without first resigning his office as committee-man. Any committee-man or other officer may be removed by a special general meeting called for the purpose.

(*b*) Candidates for the committee of management and for all other offices of the society shall be nominated at the monthly meeting immediately preceding the quarterly meeting at which they are proposed for election. Should the number nominated not be sufficient to fill the vacancies, the quarterly meeting shall elect the required number not so nominated.

15. The general management of the society shall, subject to the provisions hereinafter contained, be in the committee of management, who shall have the control of all business carried on by or on account of the society, the determination of the persons to be employed therein, and the rates of payment to be made to such persons, the appointment of salesmen or other servants necessary for conducting the same, and may assign to any such servant such duties and salaries as they may think fit. All members of the society shall, in respect of any work or service which they may perform for or on behalf of the society, be paid after such rate of payment as the committee may determine.

16 (*a*) All moneys received on account of contributions, donations, admissions, fines, or otherwise, shall be paid to an account to be opened with some bank, selected by the committee of management, in the name of the society, unless the finances of the society are too small to allow of such an account being kept; in which case they shall remain under the care of the treasurer, and all such moneys shall be applied towards carrying out the objects of the society, according to the rules thereof. And so much of the funds of the society as are not wanted for immediate use, or to meet the usual accruing liabilities, under the provisions aforesaid, shall, with the consent of the quarterly meeting, or a special general meeting of the members, be invested by the committee of management. The business of the society shall be conducted for ready money.

(*b*) Every year before the first of June, the committee of management shall cause the secretary to send to the Registrar the annual return, in the form prescribed by the Chief Registrar of Friendly Societies, required by the Industrial and Provident Societies Act, 1876, of the receipts and expenditure, funds and effects of the society, and of the number of members of the same up to the 31st December then last inclusively, as audited and laid before a general meeting, showing separately the expenditure in respect of the several objects of the society, together with a copy of the auditors' report, if any.

(*c*) Such return shall state whether the audit has been conducted by a public auditor appointed under the Industrial and Provident Societies Act 1876, and by whom; and if such audit has been conducted by any persons other than a public auditor, shall state the name, address, and calling or profession of each of such persons, and the manner in which, and the authority under which, they were respectively appointed.

(*d*) It shall be the duty of the committee of management to provide the secretary with a sufficient number of copies of the annual return for supplying gratuitously every member or person interested in the funds of the society, on his application, with a copy of the last annual return of the society for the time being; and it shall be the duty of the secretary to supply such gratuitous copies on application accordingly.

(*e*) It shall be the duty of the committee of management to keep a copy of the last balance sheet of the society for the time being, to-

gether with the report of the auditors, if any, always hung up in a conspicuous place at the registered office of the society.

17. The committee of management shall meet every Thursday evening, at half-past seven o'clock, and any six of the committee shall form a quorum. It shall in all things act for and in the society's name, and all acts and orders under the powers delegated to it shall have the like force and effect as if they were the acts and orders of a majority of the members of the society at a general meeting thereof. Every question at such meeting shall be decided by a majority of votes. Any two of the committee may call a special meeting thereof, by giving one clear day's notice in writing to the secretary; but at such special meeting no other business than that specified in the notice shall be taken into consideration. The committee shall convene all meetings of the society on such requisitions as are herein mentioned, and shall also cause the accounts of all business carried on on behalf of the society to be regularly entered in proper books, and shall cause a statement of the accounts of the society to be made out up to the first or second Tuesday in the months of March, June, September and December in each year, so as to give not less than twenty-seven days between the time of taking stock and the following quarterly meeting; and also so as to avoid having a quarter consisting of twelve weeks only. This statement, together with all the necessary vouchers, shall be laid before the persons appointed to audit the same, not less than ten days before the day appointed for the quarterly meeting of the society. All other committees, whether educational or otherwise, which are or may be formed in connection with this society, shall be subject to the above committee.

18. The president shall act as chairman at all meetings of the society, and should he not be present at any of the society's meetings, the officers and members present shall elect one from amongst themselves to act as chairman on that occasion. The president, or chairman acting in his absence, shall sign all contracts, also the minutes of the proceedings at each of the society's meetings, and shall have the casting vote, besides his own vote as a member.

19. The secretary shall give his attendance at all meetings of the society and of the committee of management; summon all special meetings of the committee, and record correctly the names of the said committee there present, and the minutes of their proceedings, which he shall transcribe into a book, to be authenticated by the signature of the chairman as the proceedings of the meetings; he shall countersign all contracts, and shall on all occasions in the execution of his office, act under the superintendence, control and direction of the said committee. An assistant secretary may at any time be appointed by the committee of management.

20. The treasurer shall be responsible for such sums of money as may from time to time be paid into his hands by the secretary, or by any person on account of the society, and for the investment or application of the same under the authority of the committee of management, in such manner as they shall direct; he shall see that the cash account is balanced weekly, and shall supply the committee with a duplicate thereof when required.

21. Every person appointed to any office touching the receipt, management or expenditure of money for the purposes of the society,

shall, before entering upon the duties of his office, give such security as is thought sufficient by the committee of management for the time being.

22. At any quarterly meeting of the society, the majority of the members present may assign to the committee, treasurer, secretary, auditors, or any other officer of the society, such remuneration as seems to them desirable.

23. No servant of this society shall serve any office in the committee of management, nor be allowed to vote for any candidate for the committee of management, or be an auditor on any account whatever.

24. Any member of the committee of management shall be disqualified from remaining on the committee if he holds any other office or place of profit under the society, except such as may be assigned according to Rule 22; if he becomes bankrupt, or if he is concerned in or participates in the profits of any contract with the society. But the above rule shall be subject to the following exceptions: That no member of the committee shall vacate his office by reason of his being a member of any company or society which has entered into contracts with, or done any work for this society. Nevertheless, he shall not vote in respect of such contract or work; and if he does so vote, his vote shall not be counted.

25. A separate and distinct account shall be kept of the allowance for educational purposes. This fund shall be under the management of a special committee, consisting of the president of the society for the time being, and ten members, five of whom shall be appointed at the quarterly meeting in April, and five at the quarterly meeting in October, and retire alternately. The educational committee shall be held responsible to the quarterly meetings of the society for the proper disposal of the fund placed under their care, and shall not be allowed to vote away any portion thereof to be spent or disposed of by any other party. They shall appoint a chairman from amongst themselves.

26. No president, secretary, treasurer, or other member of the committee, while in office, shall be allowed to nominate or second any member to serve on the committee of management.

Limitation of Amount of Members' Share Investment.

27. No member, other than a registered society, shall, subject to such restrictions as shall from time to time be determined by a quarterly meeting, be entitled to an interest in the shares or funds of the society exceeding the sum of two hundred pounds.

Power to Accept Loans and Deposits.

28. The committee of management may from time to time, for the purposes of the society, obtain by way of loan from any person, society or company, whether or not a member of the society, on security of bonds signed by three, at least, of the committee, and countersigned by the secretary for the time being, or such other security as shall be agreed upon between the committee of management and the lender. They may also obtain advances from the society's bankers from time to time, and give continuing security by mortgage (legal or equitable) under the seal of the society for the money which shall be owing on the account current of the society with the bankers. The total amount

of the sum or sums so borrowed, and of deposits under Rule 29, shall not exceed such sum or sums as shall have been approved by a majority of the members present at a quarterly or special meeting, and shall not at any time exceed two-thirds of the amount of the declared share capital of the society.

They shall be empowered to give such rate of interest not exceeding six per cent per annum, and subject to such terms of repayment as shall be agreed upon.

29. The committee of management may receive deposits of not more than one dollar and twenty-five cents in any one payment, nor more than one hundred dollars from any one depositor, payable on not less than two clear days' notice. They may agree to pay upon such deposit such rate of interest not exceeding five per cent per annum, as may from time to time seem to them desirable. No payment of withdrawable capital shall be made while a claim on account of a deposit is unsatisfied.

SHARE CAPITAL—HOW PAID UP, NOTICE FOR WITHDRAWAL.

30. The capital of the society shall be raised in shares of five dollars each, which shall not be transferable, except in the case mentioned in Rule 39. Each member must hold at least five shares, and shall not pay less than seventy-five cents until he has made up his five shares; and on default shall be fined six cents per quarter, unless the default is shown to have arisen from sickness, distress, or want of employment, or any other reason satisfactory to the committee of management, in which case a written statement of the cause of default shall be sent to the secretary at the time at which such payments ought to be made, otherwise the fines shall be in force. Profits arising from members' trade when not withdrawn may be considered as contributions to shares. Any member may pay the whole or any part of his shares in advance.

31. All sums due from any member under the provisions of these rules for contributions to shares or otherwise, shall be recoverable from him, his executors or administrators, by legal process, as a debt due to the society.

32. Should the committee of management have more funds on hand than they can profitable invest, they shall have power in the first place to repay all loans contracted under the 28th rule, and should they still have too much money, shall reduce the number of shares held by the members, the highest being the first paid off. Members may allow their surplus shares to remain in the funds of the society after the time of notice has expired, but shall not receive interest thereon.

33. Members may withdraw any sum above twenty-five dollars, according to the following scale of notice, subject, however, to the discretion of the committee of management:—

$10 on application.		$250 to $375	6 weeks.
10 to $25	1 week.	375 to 500	7 weeks.
25 to 50	2 weeks.	500 to 625	8 weeks.
50 to 100	3 weeks.	625 to 750	9 weeks.
100 to 150	4 weeks.	750 to 875	10 weeks.
150 to 250	5 weeks.	875 to 1000	11 weeks.

CASES OF DISTRESS.

34. A member, being in distress, may withdraw any sum he may have in the funds of the society above one dollar and twenty-five

cents, at the discretion of the committee of management, such member may, however, be called upon to repay such withdrawal in manner provided by Rule 30, until his shares again amount to not less than twenty-five dollars.

Members Provided with Copies of Rules.

35. It shall be the duty of the committee of management to provide the secretary with a sufficient number of copies of the rules, to enable him to deliver to any person on demand a copy of such rules on payment of a sum not exceeding twenty-five cents, and of the secretary to deliver such copies accordingly.

Appointment of Auditors and Their Duties.

36. The committee of management shall once at least in every year submit the accounts of the society, together with a general statement of the same and all necessary vouchers up to the 31st December then last, for audit, either to one of the public auditors appointed under the Industrial and Provident Societies Act, 1876, or to two or more persons appointed as auditors by the members at the meeting next before each yearly meeting of the society, and shall lay before every such meeting a balance sheet (which either may or may not be identical with the annual return, but must not be in contradiction to the same), showing the receipts and expenditures, funds and effects of the society, together with a statement of the affairs of the society since the last ordinary meeting, and of their then condition. Such auditors shall have access to all the books and accounts of the society, and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by them to be correct, duly vouched, and in accordance with law, or shall specially report to the meeting of the society, before which the same is laid, in what respect they find it incorrect, unvouched, or not in accordance with law.

Inspection of Books and Accounts.

37. The books and accounts of the society shall be open to the inspection of any member or person having an interest in the funds of the society, at all reasonable times, at the registered office of the society, or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by the general meetings, and it shall be the duty of the secretary to produce them for inspection accordingly, provided that no member, other than an officer of the society, shall be entitled to inspect the loan or deposit account of any member without his written consent.

Withdrawal from the Society, and Payment of Deceased Members' Shares.

38. A member who has paid up all his contributions may withdraw from the society; and any member may withdraw without paying up all his contributions, with the consent of a majority of the committee

of management. Upon the withdrawal or exclusion of any member, he shall receive payment of the capital advanced by him, with all arrears of interest and profits, if any, according to the provisions of Rule 33, or within six months after such withdrawal or exclusion. Any member having received any interest or participated in the profits, shall, in case of withdrawal from the society, forfeit such sum (not exceeding fifty cents) as the committee of management may think proper; such forfeits to be applied to the reduction of the value of fixed stock.

39. The secretary shall keep a book in which he shall register or record all nominations made by members of the society of any person or persons not being officers or servants of the society, unless any such officer or servant is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator, to whom such nominator's shares (the term shares including, for the purposes of this rule, loans and deposits) shall be transferred at his decease, provided that the amount credited to him in the books of the society does not exceed five hundred dollars.

The secretary shall in like manner record or register all revocations or variations of such nominations by the nominator.

The nominator shall pay six cents to the management fund for the recording or registering of every such nomination, revocation, or variation.

On receiving satisfactory proof of the death of a nominator, the committee shall, at their option, either transfer the shares in manner directed in such nomination, or pay to any person entitled thereunder the full value of his interest, unless the shares to be transferred to any nominee would raise his interest in the society to an amount exceeding one thousand dollars, in which case they shall pay him the full value of such shares, not exceeding the sum aforesaid. An entry of such payment shall be made in the proper book, and thereupon the shares so paid for shall be extinguished. If any member entitled to an interest in the society not exceeding five hundred dollars dies intestate, and without having made any nomination which remains unrevoked at his death, such interest shall be transferable or payable without letters of administration to or among the persons who appear to a majority of the committee, upon such evidence as they may deem satisfactory, to be entitled by law to receive the same, subject to the provisions of the Provident Nominations and Small Intestacies Act, 1883.

40. If any member, entitled to an interest in the society not exceeding five hundred dollars, dies leaving a will, and without having made any nomination which remains unrevoked at his death; or if any member entitled to an interest in the society exceeding five hundred dollars dies, such interest shall be transferable or payable only to his executors or administrators, subject as aforesaid.

41. If any member becomes bankrupt his interest in the society shall be transferable or payable to the trustee of his property.

42. Upon the death of any member, unless the person nominated as aforesaid, or in the event of there being no such nominated person, the legal personal representative of such deceased member shall, within one month thereafter, give notice thereof, in writing, to the secretary, stating the Christian and surname, place of abode, and profession or business of such nominated person or legal personal representative,

as the case may be; twenty-five cents shall be deducted from the sum payable to him. No interest will be allowed on deceased members' shares after the termination of the time such notice should have been given, until legally transferred.

Application of Profits.

43. The net proceeds of all businesses carried on by the society after paying or providing for the expenses of management and interest on loans and deposits shall be appropriated as follows:—

1st. To reduction of fixed stock, according to the following ratio on the first cost. Fixtures and machinery at ten per cent per annum; shop buildings, warehouses, workshops, offices and meeting rooms at two and one-half per cent per annum; and cottage buildings at one per cent per annum.

2d. All entrance fees and forfeits on withdrawal, shall be applied to reduction of such portion of fixed stock as the committee of management shall from time to time determine.

3d. Interest not exceeding at the rate of five per cent per annum shall be credited quarterly to the account of each member upon the share capital standing to his credit in the books of the society.

4th. The excess, if any, of the interests and dividends received from the investments of the society, including rents upon shops and other fixed stocks in use by the society, and the balance of all rents received from cottages and other property belonging to the society over and above the interest allowed upon the loans, deposits, and members' share capital, shall be carried to a fund to be called "The Investment Reserve Fund," which shall only be appropriated by direction of a quarterly meeting.

5th. Two and one-half per cent of the remainder, after the provision for reduction of fixed stock and interest upon capital as aforesaid, shall be carried to the account of the educational fund, besides the cost of room, light and fuel.

6th. The remainder shall be divided among the members of the society in proportion to the amount of their purchases during the quarter.

7th. The profits upon goods supplied to non-members, together with all fractional parts of a penny in the division of profits, shall be carried to a fund to be called the reserve fund. This fund shall accumulate, and shall only be appropriated by direction of a quarterly meeting, either to some provident purpose or to the reduction of some portion of the fixed stock; but no appropriation of the reserve fund shall be allowed unless one month's notice of the intention to propose such appropriation shall have been given.

Complaints, Suggestions, and Injurious Conduct.

44. If any member have any complaint to make relative to the qualities or prices charged for goods supplied by the society, or respecting the conduct of any of the servants or officers of the society, such complaint shall be sent to the committee in writing, signed by the member complaining or some other member on his or their behalf, and shall be investigated and decided upon by the committee, such decision to be entered in their minute book; and if satisfaction be not given by their decision, the same may be brought before a general meeting of the

members; and if not then settled to the satisfaction of the parties complaining, shall be referred to a quarterly meeting. Any member may likewise send to the committee, in writing, any suggestions for carrying into better effect the objects of the society, which shall be considered by the committee.

45. The name of the society shall be kept painted in letters easily legible, and affixed on the outside of every office or place in which the business of the society is carried on, in a conspicuous position, and shall be engraven in legible characters on its seal, and shall be mentioned in legible characters in all notices, advertisements, and other official publications of the society, and in all bills of exchange, promissory notes, indorsements, cheques, and orders for money and goods purporting to be signed by or on behalf of the society, and in all bills of parcels, invoices, receipts and letters of credit of the society.

46. The committee of management may suspend any member who persists in any conduct injurious to the society, until they submit the same to a general meeting (of which the offender shall have three clear days' notice), which shall have power to expel such member. No person so expelled shall by the votes of a majority again be re-admitted, except of the members present at a general meeting; nor unless notice has been given at the last previous general meeting of the intention to propose his re-admission.

Seal of the Society.

47. The seal shall have for a device as follows: "a figure of a woman with a pair of scales and a sword, treading on a serpent, and a man with a pick on his shoulder, in the distance;" it shall be in the custody of the president, and it shall be used only when directed by resolution of the committee of management, a minute of which resolution shall be duly recorded by the secretary.

Investment of Capital.

48. The committee of management may invest any part of the capital of the society in or on the security of any other society registered under the Industrial and Provident Societies Act, 1876, or under the Building Societies Acts, or of any company registered under the Companies Acts, or incorporated by Act of Parliament, or by charter, and may make advances to members upon mortgage of freehold, copyhold or leasehold property, upon such terms as agreed upon, provided that no such investment be made in the shares of any society or company other than one with limited liability, and may make any such investment in the registered name of the society. And in the case of an investment on the security of any such society or company, at such rate of interest, and on such terms as to repayment or otherwise, as may be agreed on. And all such investments now existing, which would have been valid if made under this rule, are hereby confirmed and ratified as if they had been made hereunder.

BUILDING DEPARTMENT.

49. The committee of management may, subject only to such restrictions and limitations as shall from time to time be imposed by resolution of members at a quarterly or monthly meeting, purchase, or hold

upon lease or mortgage, any lands, together with the buildings thereon, and may build or erect any houses, cottages, or other buildings, on any lands from time to time held by the society, whether for the purposes of the society or not, and may alter, pull down, and again rebuild any building, whether erected by the society or otherwise vested in it; and may manage, lay out, lease and sub-lease such lands—either at rack rent on buildings, mining, quarrying, or improving leases, or otherwise, howsoever—and either to members of the society or other persons; and may dispose of, sell, mortgage, convey or reconvey, either to members of the society or other persons, any lands or buildings, for the time being held by the society; and may appropriate to the use of the society any purchase moneys or other moneys received in respect of rents of any lands or buildings.

50. The committee of management may, subject to the restrictions and limitations hereinbefore mentioned, advance any moneys out of the society's funds to members of the society on the security of lands or buildings, subject to such scale of repayment and at such rate of interest as is hereinafter mentioned, no such advance to exceed four-fifths of the ascertained value of the said security; but no advance shall at any time be made upon the security of any property that shall be subject to any previous mortgage.

51. As soon as convenient after the registration of these rules, and at the first committee meeting after the ninth day of January in each year, the committee of management shall appoint two competent valuers to inspect all property offered as security to this society; and any member of this society desirous of applying for any advance of money from this society to assist him in buying land, building any house, houses, cottages or other buildings, or desirous of effecting a mortgage upon any land, houses, cottages, or other buildings already erected, shall give notice in writing to the committee of management, who shall instruct the valuers to inspect the said property, or in case of buildings not erected shall examine the plans and specifications of the buildings proposed to be erected, and the valuers shall furnish a written report thereon to the committee of management, upon forms provided for that purpose, within six days, of all matters pertaining to such property. The said report shall contain the following particulars:—1st. The name of the person or persons making the application. 2d. The situation of the property offered as security, giving number of house and name of street when practicable. 3d. The number of yards of land, with a pen and ink plan of its shape, and particulars of the boundaries. 4th. Whether the land is leasehold, copyhold or freehold, and what is the term for which it is held; and, if leasehold, what is the date of the lease. 5th. What is the annual ground or chief rent, or other charge, if any, upon the property. 6th. What is the value of the property, or, in case of buildings not erected, what will be the value of the property when the said buildings are completed.

52. When the committee of management shall be satisfied with the lands or buildings so to be offered as aforesaid are a sufficient security, and when the member to whom the said land and buildings belong shall have executed a mortgage or assurance of the said lands or buildings in such form as shall be deemed to be sufficient security by the committee of management for the time being, under the advice of their solicitor, they shall direct the president and secretary to pay to such

member the sum or sums of money he, or she, or they shall be entitled to receive, and the president shall take charge of the said deed, and all other deeds relating thereto, and deposit the same in the society's fire-proof safe, as a security to the society that the said advanced moneys shall be repaid according to the conditions and regulations hereinafter mentioned.

53. If any member of the society, before applying for an advance of money, shall be desirous of ascertaining what sum of money the committee of management are willing to lend upon any property, notice shall be given to the valuers in manner beforementioned, and the valuers shall inspect the said property, and make their report thereon to the committee of management, and the committee shall make known to the said person the sum they will advance thereon on the conditions herein contained, and the person on whose behalf the inspection and valuation has been made shall pay all the expenses thereof, whether a loan is effected or not.

54. Every member to whom an advance of money shall have been made on the security of any land or building which is subject to the payment of any yearly or half-yearly ground or chief rent, or other annual charge, shall, whenever required so to do, furnish to the secretary of the society a statement containing the amount of such ground or chief rent, or other payment, the times at which they are respectively required to be paid, and the names and residences of the persons entitled to receive the same, and shall from time to time, if, and whenever so required, produce to the secretary of the society for the time being, a receipt or voucher showing that the said payments have been duly made; and if the said receipt or voucher shall not have been produced as required, the secretary shall ascertain from the person entitled to receive the said ground or chief rent or other payments, whether they have been duly received, and if not, then he, the secretary, shall forthwith pay the same out of the society's funds, and the amount thereof shall be debited to the account of the person to whom the advance has been made, together with a fine of one dollar and twenty-five cents, and any other reasonable expenses to which the secretary, in the payment thereof, shall have been subject, by reason either of the non-production of the receipts or the non-payment of the said rent or charges.

55. In the case of any member having made an agreement with the committee of management as to the amount to be advanced on any building about to be erected, or in course of erection, and having executed such deed of mortgage or assurance as beforementioned, the said member shall be entitled to receive a proportionate part of the advance agreed upon when the said buildings shall have been raised to the height of the first floor, a proportionate part thereof when they shall be covered in or fully slated, and the remaining portion when the said buildings shall be completed according to the plans and specifications thereof, subject nevertheless to the same inspection and approval as premises already built.

56. Should any member of this society to whom an advance of money has been made from the funds of this society, on the security of property given as hereinbefore mentioned, leave any building upon which the said money shall have been advanced, unfinished, or begin to pull down, remove, damage, or carry away the same, or any part thereof,

or cause or procure the same or any part thereof to be pulled down, removed, or carried away to the prejudice of this society, or the security given, the committee of management shall be at liberty forthwith to take possession, and either to sell such premises at the cost of such member or to employ such person or persons as they shall think fit to finish and complete the same out of the funds of the society, and charge the cost of completion to the debit of the member to whom the advance has been made.

57. All property mortgaged to this society shall be regularly insured against loss by fire by the committee of management, in the society's name, with such company or office as they shall think fit, and for such sum or sums as shall be agreed upon between the member and the said committee, but not less than the full amount as shall from time to time be owing upon the said mortgage. The mortgagor shall pay the costs of the said insurance and of the annual renewals thereof, on or before the ninth day of the month next ensuing after the same shall be due, and in default thereof shall pay the same penalty as for arrears of repayment and interest, as is hereinafter provided. The mortgagor shall also give to the committee of management a written notice of any and every trade or manufacturing process carried on in any of the mortgaged premises, or of any stove, furnace, or other article erected therein, which will in the least affect the validity of the policy of insurance in force before the commencement of such trade, or before the erection of such stove, furnace, article or thing, or, in default thereof, shall be fined one dollar and twenty-five cents per week during the time which such notice is withheld. Whenever any property mortgaged to this society has sustained damage by fire, the committee of management shall receive the amount of the damage so sustained from the insurance office, or company, and shall give a receipt for the same, signed by the president, and countersigned by the secretary for the time being, which shall be a sufficient discharge to the insurance office or company liable by virtue of any policy of insurance. The money received for such damage shall be applied to the payment of the amount secured by the mortgage deed of the damaged premises, or, if the committee of management consider it expedient, they shall expend such money in repairing such damage.

58. Every member to whom an advance of money has been made on the security of lands or buildings, in manner hereinbefore provided, shall, on or before the ninth day of every calendar month, pay at the registered office of the society, to such person or persons as the committee of management shall from time to time appoint, *not less* than two dollars for every five hundred dollars of such advanced moneys, together with interest not to exceed five per cent per annum, on such portion of the said advance as shall have been unpaid on the ninth day of January next preceding, reckoning all parts of pounds as full pounds in the calculation of such interest. And every borrower shall, in addition to the beforementioned payments, pay, on the ninth day of January in each year, a further sum not exceeding fifty cents for every five hundred dollars of the original amount advanced to provide for the expense of conducting this department.

59. Should any member neglect to pay on or before the ninth day of each and every month, the repayment and interest due according to the provisions of the foregoing rule, together with all arrears of

repayment and interest, and together with all charges, fines and penalties to which he shall from time to time become liable, according to these rules, such person shall be charged *additional interest* after the rate of twopence per pound for every month [about one per cent] or part of a month, during which such moneys shall be in arrear, such *additional interest* to be calculated upon the sum of the several arrears. And should any person neglect to pay any of such payments and interest or any part or parts thereof respectively, it shall be lawful for the committee of management, in their discretion and at any time after such default, to enter into possession of the property which has been given as security for the said payments, and shall cause such property to be sold, and the proceeds of such sale to be appropriated in liquidation of the debt owing to the society on the said security, together with the expense of the said sale, and pay the balance over to such persons as shall be legally entitled to receive the same.

60. Any member to whom an advance of money shall have been made on the security of any lands or buildings, desiring to dispose of his interest in such lands or buildings, may transfer such interest, with the consent of the committee of management for the time being, to any other member of the society. All such transfers shall be of such form and executed in such manner as the committee of management for the time being shall deem necessary, under the advice of their solicitor. But no transfer shall be made of any property held on mortgage by this society unless or until all moneys and arrears due in respect of the amount advanced upon the said mortgaged property shall have been duly made.

61. Any member to whom an advance shall have been made in manner hereinbefore provided, may, by and with the consent of the committee of management for the time being, substitute any other security of equal value, in lands or buildings, in lieu of the security previously given, on payment of all the necessary expense in respect to the transfer of the said security or securities.

62. When any member to whom an advance of money shall have been made out of the funds of this society, on the security of any mortgage or other assurance, shall have repaid the whole of such advanced money, together with all arrears of interest, fines, penalties or other charges due thereon, according to these rules, the committee of management shall authorize a receipt to be given under the hands of two members of the committee, countersigned by the secretary of the society for the time being, such receipt to be in the form appended to these rules, and shall be annexed to, or endorsed upon, such mortgage or assurance, and shall vacate the same and vest the estate of and in the property therein comprised in the person entitled to the equity or redemption of the said property.

63. Every member borrowing money from this society in accordance with the foregoing rules shall pay the valuers' fee for each inspection of the property offered as security. And the said person shall also pay the cost of all deeds of mortgage and transfer required by these rules, in addition to the payments hereinbefore mentioned. And all such deeds shall be drafted and prepared by the solicitor appointed by the committee of management for the time being.

64. The committee of management shall cause to be provided proper books to record the proceedings of this department, and shall cause to

be kept a separate account of all moneys received and paid on account thereof, and the auditors of the society for the time being shall examine all accounts belonging thereto, and see that the receipts and payments are properly entered in the books; and the said books shall be made up and balanced on the respective quarter days of the society, when all other accounts are so made up and balanced; and the result thereof, so far as respects the total, shall be shown from quarter to quarter in the society's balance sheet.

Construction of Rules.

65. In construeing these rules, words importing the masculine gender shall be taken to apply to a female; words importing one person or thing only, shall be taken to apply to more than one person or thing; and words importing a class shall be taken to apply to the majority of that class, unless there is something in the context to prevent such a construction.

Application for Registrar's Inspection.

66. It shall be the right of one-fifth of the total number of members, or if the number of members shall at any time amount to 1,000, and shall not exceed 10,000, it shall be the right of 100 members, or if the number shall at any time exceed 10,000, it shall be the right of 500 members, by an application in writing to the Chief Registrar, signed by them in the forms respectively provided by the Treasury Regulations in that behalf—

(*a*) To apply for the appointment of one or more inspectors to examine into the affairs of the society and to report thereon.—Industrial and Provident Societies Act, 1876, s. 15. (1 *a*.)

(*b*) To apply for the calling of a special meeting of the society.—Industrial and Provident Societies Act, 1876, s. 15. (1 *b*.)

Either such application to be made upon such notice to the society, and to be supported by such evidence for the purpose of showing that the applicants have good reason for requiring such inspection to be made, or meeting to be called, and that they are not actuated by malicious motives in their application, as the Chief Registrar shall direct. —Industrial and Provident Societies Act, 1876, s. 15. (2.)

67. The society may at any time be dissolved by the consent of three-fourths of the members, testified by their signatures to some instrument of dissolution in the form provided by the Treasury Regulations in that behalf.—Industrial and Provident Societies Act, 1876, s. 17. (1.)

By-Laws of Successful American Societies.

THE ALLEGAN COUNTY SOCIETY.

[See Pages 105-114.]

The Coöperative Association of the Patrons of Husbandry of Allegan County, Mich., has a president, vice-president, secretary and treasurer, who, according to the articles of association, shall hold their offices for the term of one year or until their successors shall be duly elected and qualified. The same is true of the board of not less than 10 or more than 20 directors, who shall manage the affairs of the corporation. "The officers and directors shall be elected in each and every year at the annual meeting of the stockholders." Paragraph 12 of the articles of association is identical with the first of the by-laws. The by-laws follow :

1. *Members.*—Any person of good standing in the order of the Patrons of Husbandry, may become a member of the association by purchasing one or more shares of the stock thereof, and subscribing to the articles of association, complying with the requirements of the same, and the by-laws thereof.

2. Intoxicating liquors shall not be kept or sold at the store or place of business of this association.

3. *Powers of Directors.*—The board of directors of this association shall, before commencing business, and from time to time thereafter, whenever it may be deemed expedient, elect, appoint or employ a purchasing or business agent, whose duty it shall be to make or attend to making, all purchases and sales of goods, wares and merchandise, for the use and benefit of the association, and who shall receive for services, for himself and assistants, appointed with his approval, for whose fidelity he shall be responsible, such compensation as may, from time to time, be agreed upon by himself and board of directors.

4. *Executive Committee.*—There shall be an executive committee of three, elected annually by the directors from their number, whose duty it shall be to have a special oversight of the business and affairs of the association; to advise with the agent and officers; executing the orders of the board of directors, and never acting in opposition to

their expressed wishes. The board of directors and executive committee, and secretary, shall receive for services necessarily and faithfully rendered, the sum of $1.50 per day, and actual and necessary expenses while engaged in the service of the association. Their accounts shall be audited by the board of directors.

5. *The Purchasing Agent*, before entering upon his duties, shall give such bonds as may be required, and approved by the board of directors, for the proper and faithful application and use for the purposes of this association, of all moneys which may come into his hands as such purchasing agent, which bonds shall be filed with the chairman of the board of directors.

6. *Inventory.*—The executive committee and purchasing agent shall, once a year, make an inventory of all the property and effects of the association, beginning such inventory on or about the 20th day of January in each year, and shall make a full statement of the amount of purchases, sales, exchanges and profits, and all business transactions of the association for the preceding year, which statement shall be verified by the oath of the purchasing agent, and copies of the same mailed to each director, and reported in full to the stockholders at their annual meeting.

7. *Reports.*—It shall be the duty of the agent of the association to procure and exhibit to the executive committee at the time of taking the inventory, bills of all articles purchased by him for this association, also an account of all sales or exchanges made by him, with account of daily sales to each purchaser, together with the name of purchaser, which shall be entered in a book to be kept by him for that purpose.

8. The purchasing agent shall, on the first Monday of each month, mail to each director a report of the aggregate sale during the last preceding month, profits on sales, together with a statement of all expenses incurred in carrying on the business during that time.

9. *The Secretary* of the association shall keep a book containing the names of all stockholders, alphabetically arranged, the number of shares held by each person, together with a stock dividend account with each of them, and shall perform such other clerical work as may pertain to his position.

10. *Certificates of Stock*, signed by the president and secretary of this association, shall be given to each stockholder, which shall state the number of shares of capital stock owned by the person holding the certificate.

11. Certificates of stock shall be deemed personal property, and may be sold, transferred, and assigned by the owner thereof, and the purchaser of a certificate, when the same shall be properly assigned and transferred, shall be entitled to all benefits, and subject to all liabilities as the original stockholder, provided, however, that no sale of stock certificate shall be made to any person not a member of the Order of the Patrons of Husbandry.

12. *Prices of Goods.*—The executive committee and purchasing agent shall determine, from time to time, the percentage above cost at which goods shall be sold, which per cent shall be uniform on all articles, or variable, as they may deem expedient, but such percentage shall, in no case, be more than four per cent advance on cost.

13. *Annual Statement.*—At each annual meeting of the stockholders, the directors of the preceding year shall exhibit, and make to them a

complete statement of the business transactions of this association for such year, and shall instruct the secretary to give an order to each stockholder for interest at five per cent. per annum on the amount of his stock paid in, and if any surplus of profit still remain, it shall be left in the hands of the treasurer as a sinking fund.

14. *Cash Payments.*—All purchases and sales of goods shall be for cash, or ready pay, and if the agent shall sell goods belonging to this association on credit, said agent shall be held responsible for payment of the same.

15. In case of a neglect or failure to elect directors on the day appointed for the annual meeting, the directors shall call another meeting as soon as practicable for that purpose, of which at least two weeks' public notice shall be given.

16. The vice-president shall be be ex-officio chairman of the board of directors.

17. *Special Meetings* of the directors or stockholders may be called by the executive committee whenever in their judgment it may be necessary, and the secretary of this association, when requested by the executive committee, shall call such special meeting, mailing twenty days' notice of the same to the secretary of each subordinate grange represented in this association.

18. *Grange Directors.*—Each subordinate grange holding certificates of the capital stock of this association, among its members, to the amount of two hundred dollars, or over, shall be entitled to one director.

19. *Place of Business.*—The executive committee shall procure a place in which to carry on the business of the association, and may effect an insurance on the goods and property thereof in some good, reliable insurance company.

20. *Voting Powers.*—At all meetings of the stockholders, for the election of officers, each stockholder shall be entitled to one vote for the first share of stock held by him, and one vote for each additional fifty shares owned by him in the capital stock of this association.

21. *Withdrawal.*—Any member of this association may withdraw his or her stock therefrom by giving to the secretary six months' notice of his or her desire to make such withdrawal, provided, however, that said stock shall have been in the association three years.

22. Upon the withdrawal, exclusion or removal of any member of this association, such member, by surrendering the stock certificate, shall be entitled to receive from the treasury the amount paid for such certificate, with all arrears of interest, within six months after such withdrawal, exclusion or removal.

23. Upon the decease of any member of this association, the legal representatives of such deceased member, on their written request to the secretary, and by the surrender, to the treasurer of the stock certificate, shall be entitled to receive from the treasury of the association the amount paid for such certificate, with all arrears of interest, within six months after making such request as aforesaid.

24. *Dissolution.*—This association may be dissolved at six months notice, whenever the stockholders, at an annual or special meeting, shall, by a majority of two-thirds of all the members, express a desire for its dissolution.

25. *Regular Meetings* of the board of directors shall be held on the last Saturdays in January and July, in each year, commencing at ten o'clock a. m.

26. *Amendments.*—These by-laws may be added to, altered or amended at any regular meeting of the board of directors, or any special meeting called for that purpose, subject to the approval of the stockholders.

RULES OF THE JOHNSON COUNTY ASSOCIATION.

[See Pages 114-121.]

I—NAME.

This association shall be called the Johnson County Co-Operative Association, No. 118, of the Order of Patrons of Husbandry at Olathe, in the State of Kansas.

II.—OBJECT.

The object of this association is to establish and maintain general trade in merchandise, farm products and machinery, for the mutual benefit of shareholders and customers.

III.—OFFICE AND PLACE OF BUSINESS.

The office and place of business of this association shall be at such places as this association shall designate.

IV.—MEMBERS.

Any member of the Order of Patrons of Husbandry, in good standing, may become a member of this association by subscribing and paying for at least one share therein, and by signing his name and place of residence to these rules. But no Patron shall continue a member unless he purchase goods from this association to the amount of twenty dollars per year (subordinate granges and single men excepted).

V.—LIST OF MEMBERS.

A correct list of each member's name, place of residence, postoffice address, and name of grange to which he belongs shall be kept at the office of this association, signed by the secretary, and open to the inspection of any member; and no Patron shall be deemed a member for the purpose of receiving any interest on his shares, or any dividend of profits, or of voting, until his name appears on such list.

VI.—CAPITAL.

The capital of this association shall not exceed $100,000, and shall be raised in shares of $5, which shall not be transferable except to members of this association.

When a member assigns a share, the assignment shall be indorsed on the back of the certificate, and the same shall be surrendered to the directors before a new certificate can be issued to the assignee.

VII.—NUMBER OF SHARES.

No member shall hold more than two hundred shares in the capital of this association.

VIII.—REDUCTION OF SHARES.

Should the directors have more money on hand than they can profitably invest in the business of the association, they shall have power to reduce the number of shares by purchasing such number of shares as may be necessary, at the rate of five dollars per share, together with interest thereon, at the established rate since the last dividend of interest, the members having the greatest number of shares being the first required to sell.

IX.—NOTICE OF WITHDRAWAL.

Members may withdraw any sum over twenty-five dollars according to the following scale, subject to the discretion of the directors: $25.00 to $50.00 on demand; $50.00 to $100.00 in 30 days; $100.00 to $200.00 in 60 days; $200.00 to $500.00 in 90 days.

X.—WITHDRAWAL OR EXCLUSION.

Any member may withdraw from this association, and any member shall be excluded who ceases to be a member of the Order of Patrons of Husbandry.

XI.—CAPITAL RETURNED.

Upon the withdrawal or exclusion of any member, he shall receive payment of the capital advanced by him, with all arrears of interest and profits, if any, within six months after such withdrawal or exclusion.

XII.—DISTRESS.

Any member being in distress may withdraw any sum he may have in the funds of this association above five dollars, at the discretion of the directors.

XIII.—DECEASE OF MEMBERS.

Upon the decease of any member, the directors may repay to the legal representatives of such deceased member all the capital owned by such member at the time of his decease together with all arrears of interest and dividends of profits, within six months after his decease.

XIV.—REDUCTION OF STOCK.

The fixed stock shall be reduced as follows, viz: Ten per cent. per annum on fixtures and two and a half per cent. on storehouses shall be deducted quarterly from their value, as shown in the books of this association.

XV.—PROFITS.

The net profits of all business carried on by said association, after paying the expenses of management, making the proper reduction in value of fixed stock, and paying the interest on the capital thereof, as aforesaid, shall from time to time be applied, by vote of the association, at the quarterly meeting of the association, either to increase the capital or business of the association, or for any educational or provident purposes authorized by the association, and the remainder shall be divided among those who have purchased goods from the association during the preceding quarter (to non-members one-half the proportion of members), in proportion to the amount of purchases during the quarter.

XVI.—DIVISION OF PROFITS.

Each member shall receive out of the surplus profits of the association, after providing for the expenses thereof, in each quarter, interest

not exceeding ten per cent. per annum upon the capital standing to his credit in the books of the association as is declared at the quarterly meetings of the association.

XVII.—OFFICERS.

The officers of this association shall consist of a president, secretary, treasurer, and eight directors, and two auditors. The president and secretary shall be directors ex-officio.

XVIII.—ELECTION OF OFFICERS.

The president, secretary, treasurer, one-half of the directors and one of the auditors, shall be elected at the quarterly meeting in January, or at the next regular meeting thereafter, and the remainder at the quarterly meeting in July, or at the next regular meeting thereafter, and shall hold their several offices for the term of one year, and until others are elected.

XIX.—ELIGIBILITY.

No member shall be eligible for the office of director (except at the first and second elections after the organization) who has not been a member six months; and no member shall be eligible for the office of president (after the first election) who has not been a director in the association.

XX.—ELECTIONS.

All elections shall be by ballot.

XXI.—VACANCIES.

All vacancies shall be filled temporarily by the directors until the next regular meeting, when such vacancies shall be filled by the association.

XXII.—MANAGEMENT OF BUSINESS.

The directors shall have the general management and supervision of the business of the association; shall appoint the salesmen and other employes, and shall assign to them such duties and compensation as the directors may think fit.

XXIII.—DIRECTORS.

The directors shall meet at such times and places as the association may designate.

A majority of the directors shall constitute a quorum.

The directors shall in all things act for and in the name of the association, and all acts and orders of the directors under the powers delegated to them shall have like force and effect as if they were the acts and orders of a majority of the members of the association at a regular meeting thereof.

All questions at such directors' meeting shall be decided by a majority of votes.

Any two of the directors may call a special meeting thereof by giving three days' notice in writing to the secretary, but no business shall be transacted at such special meeting except that specified in the notice.

The directors shall convene the meetings of the association as is herein mentioned, and shall cause the accounts of all business carried on in behalf of the association to be regularly entered in proper books, and shall cause a statement of the accounts of the association, with all necessary vouchers, up to the last day of the previous quarter, or ten

days before the quarterly meeting, to be made out and laid before the auditors not less than ten days before the quarterly meeting of the association.

All committees shall be subject to the directors.

XXIV.—MANNER OF CONDUCTING BUSINESS.

All money received on account of shares, contributions or otherwise, shall be paid to the treasurer, unless otherwise ordered by the association, and shall be withdrawn only on the written order of the president, countersigned by the secretary, by a vote of the directors; and so much of the funds of the association as are not wanted for immediate use, or to meet the accruing liabilities, shall, with the consent of the association at any regular meeting, be invested by the directors.

The business of the association shall be conducted for cash. All patrons trading with this association shall be furnished with checks representing the amount of their purchases.

XXV.—INVESTMENTS.

This association may invest such portions of its surplus capital in any wholesale coöperative association as the association may determine, notice of the same having been given in writing at a previous regular meeting; and such investment shall be made under the supervision of the directors.

XXVI.—CHAIRMAN.

The president shall preside at all meetings of the association and of the directors, and in his absence a chairman shall be elected pro-tem from the directors.

The chairman shall sign officially all contracts; also the records of proceedings of all meetings of the association and of the directors.

XXVII.—SECRETARY.

The secretary shall attend all meetings of the association and of the directors; summon all special meetings of the directors; keep a correct record of the proceedings thereof; shall sign the same officially; shall countersign all contracts; and shall on all occasions, in the execution of the duties of his office, act under the direction and control of the directors.

An assistant secretary may at any time be appointed by the directors.

XXVIII.—TREASURER.

The treasurer shall be responsible for the money paid to him on account of the association. He shall balance his cash account weekly, and furnish the secretary with a duplicate thereof, and shall, if required, attend any meeting of the association, or of the directors.

XXIX.—SECURITY.

Every person appointed to any office requiring the receipt, management, or expenditure of money, shall, before entering upon the duties of his office, give such security as may be deemed sufficient by the directors.

XXX.—SALARIES.

At any quarterly meeting of the association the majority of the members present may assign to any officer of the association such renumeration or salary as may be deemed proper.

XXXI.—DISQUALIFICATION.

Any director shall vacate his office if he holds any other office or place of profit under the association, except such as may be assigned to him by Rule 30, or if he is interested or participates in the profits of any contract with the association. But no director shall vacate his office on account of being a member of any company or association which has entered into contracts with or done any work for the association of which he is a director: PROVIDED, that such director shall not vote in respect to such contract or work.

No salesman or other employe of this association shall serve as a director or auditor, or be allowed to vote for any officer of the association.

XXXII.—AUDITORS.

The auditors shall audit all accounts of the association, and see that they are correctly kept; and shall present, at each quarterly meeting, a balance sheet of all the receipts and disbursements, and also of the assets and liabilities of the association, signed by them, together with a statement of the affairs of the association since the last quarterly meeting, and of its condition then. They shall have authority to call for and examine all records, vouchers, papers and documents belonging to the association.

XXXIII.—REGULAR MEETINGS.

Regular meetings shall be held on the second Tuesday in the months of January, April, July and October, and at such other times as the association may determine.

The first regular meetings in January, April, July and October shall be called quarterly meetings.

XXXIV.—SPECIAL MEETINGS.

Special meetings may be called by the directors, or by a majority of the members, by publishing in the Kansas PATRON at least ten days before the time of meeting; and no business shall be transacted at such special meeting except such as is specified in the notice for such meeting.

XXXV.—PLACE OF MEETING.

All regular meetings shall be held at such place as the association shall determine; or, in case of unforeseen emergency, at such place as the directors may designate.

XXXVI.—QUORUM.

One hundred members shall constitute a quorum.

XXXVII.—EDUCATION FUND.

This association may appropriate two and one-half per cent of the net profits of the business for educational purposes.

XXXVIII.—COMPLAINTS.

All complaints shall be made to the directors in writing, signed by some member of the association; and the directors shall make such investigation and decision thereon as they shall deem proper, subject to an appeal to the next regular meeting of the association, whose decision shall be final; and all complaints and decisions shall be entered in a book to be kept for that purpose,

XXXIX.—SEAL.

This association shall have a seal.

XL.—ORDER OF BUSINESS.

1. Calling the meeting to order. 2. Reading and approving the records of the previous meetings. 3. Reports of the officers. 4. Reports of committees. 5. Unfinished business. 6. New business. 7. Closing.

XLI.—VOTING.

At all meetings of the association, or of the directors, each member shall have one vote only.

XLII.—AMENDMENTS.

These rules may be amended at any regular meeting, notice thereof having been given in writing, signed by some member, at a previous regular meeting.

AMENDED RULES.

1. All dividend tickets must be presented for settlement with vouchers of standing within sixty days after dividend is declared by quarterly meeting, or otherwise void.

2. Tickets only given on goods bought at retail price for the use of stockholders or Patrons' families.

BY-LAWS OF THE LYONS COÖPERATIVE ASSOCIATION.

I. OFFICERS.

Sec. 1. The officers of this company shall be a president, a secretary, at treasurer, six directors, who shall constitute the board of managers, and two auditors.

Sec. 2. The president shall preside at all meetings of the company and of the board; he shall sign all contracts; also the minutes of the proceedings of all the company's meetings. In the absence of the president a chairman shall be elected pro tem from the directors, who shall perform all the duties of the president during his absence.

Sec. 3. The secretary shall attend all meetings of the company and of the board of directors; summon all special meetings; and keep a correct record of the proceedings thereof; he shall countersign all contracts; receive proposals for admission, and keep the accounts and papers of the company in such manner as the board of directors may direct; he shall prepare all quarterly reports, receive all moneys due the company, and at the close of every evening pay the same to the treasurer. He shall be governed in the duties of his office by the board of managers.

Sec. 4. The treasurer shall be responsible for all moneys paid to him on account of the company; he shall pay the ordinary bills of the company under the direction of the board of managers; balance his accounts weekly, and furnish the secretary a duplicate thereof; and attend all meetings of the company.

Sec. 5. The board of managers shall meet every Wednesday evening at eight o'clock; any six members shall constitute a quorum. It shall in all things act for and in the company's name, and acts and orders under the powers delegated to it shall have the same force and effects as if they were the acts and orders of a majority of the members of the

company at a general meeting thereof. Every question at such meeting shall be decided by a majority vote of the whole board of managers; any two of the board may call a special meeting thereof by giving one clear day's notice to the secretary. But at such special meeting no other business but that specified in the notice shall be taken into consideration. The board shall convene all meetings of the company on such requisitions as are herein mentioned and shall cause accounts of all business carried on in behalf of the company to be regularly entered in proper books, and shall cause a statement of the accounts of the company, with all necessary vouchers up to the 21st day of July, October, January and April in each year, to be made out and laid before the persons appointed to audit the same not less than five days before the day appointed for the quarterly meetings of the company; all committees which are or may be found in connection with this company shall be subject to the board of managers, said board being ex-officio members of all committees and they shall see that the laws of the company are strictly adhered to. The auditors shall audit the accounts of the company and see that they are correctly kept, and shall lay before each quarterly meeting a balance sheet of all receipts and disbursements and also of the assets and liabilities of the company signed by them, together with a statement of the affairs of the company since the last quarterly meeting and its then condition; they shall have authority to call for and examine all records, vouchers, papers and documents belonging to the company.

II. Members.

Sec. 1. The company shall consist of all members who shall have subscribed to these by-laws and who have paid at least five dollars into the capital stock of the association.

Sec. 2. Application for membership must be accompanied by the recommendation of at least one member of the company and by the membership fee, which is one dollar. The name, address and occupation of every applicant for membership must be posted in a conspicuous place in the company's store at least one week before being voted upon by the board of managers, whose approval admits to membership; in case of rejection the membership fee shall be returned.

Sec. 3. In case of admission each applicant shall pay at least one share before being entitled to the privilege of membership, and at least fifty cents per month thereafter until he shall own five shares, shall sign these regulations, which signing shall constitute a contract between the member and the company.

III. Election of Officers.

Sec. 1. The president, secretary, treasurer, three directors and one auditor shall be elected at the annual meeting of the company, and three directors and one auditor at the semi-annual meeting who shall hold their respective offices for the term of one year and until their successors are elected and qualified—except at the first election, when all the officers shall be elected—three of the directors and one auditor to serve six months only. No member shall be eligible to office of director (except at the first election) who has not been a member six months and no member shall be eligible for the office of president (except at the first election) who has not been a director or first president of the company. All elections shall be by ballot and a majority vote of all the votes cast shall be necessary to elect.

IV. Meetings.

Sec. 1. The regular meetings of the company shall be held on the second Wednesday after the first Saturday of the months of August, November, February and May of each year. The meeting in August shall be called the annual meeting; in February the semi-annual meeting, and the meetings in November and May the quarterly meetings.

Sec. 2. Special meetings may be called by the board of managers, or on petition of ten members, three days' notice to be given such calls shall clearly set forth the object of the special meeting and no other business shall be transacted thereat.

Sec. 3. Ten members shall constitute a quorum at any meeting; each member shall have but one vote. Proxy votes shall not be allowed.

V. Shares.

Sec. 1. A share register shall be kept in which shall be entered the Christian and surname, residence, occupation and date of entrance of each member of the company, the number of shares held by each member with the number and value of each share, the date when the member became such with such other particulars as the board of managers may deem necessary to afford a clear and accurate view of the stock of the company.

Sec. 2. The transfer of all shares shall be registered in a similar way. Any member not giving his proper address on entrance or removal of residence to the secretary shall be fined twenty-five cents.

Sec. 3. No member shall be allowed to hold more than forty shares in the funds of the company. No member shall be paid any dividends in cash or trade until he own ten paid up shares (provided the shares are not all taken by members) when he may receive either at his pleasure. The secretary shall keep a book in which a member may nominate in writing any person to whom his shares shall be transferred at the time of his death. The board of managers may, if they think fit, instead of making such transfer, pay to the person so nominated the full pay-up value of the interest of the member at the time of his death.

Sec. 4. Upon the death of a member of the company, his legal representative shall, within fifteen days, notify the secretary in writing stating the Christian and surname, residence and occupation of the deceased, with satisfactory proofs of death, in order that the share or shares of the deceased member may be registered in the name of such legal representative. Members may assign and transfer shares subject to the approval of the board of managers.

Sec. 5. After paying the expenses of management, and if the profits of the business shall warrant, interest will be paid on shares at the rate of eight per cent per annum, payable quarterly; and if not, then such lesser percentage as the business may permit and the board of managers may determine. Interest shall not be computed on fractional shares nor for a less period than one month. Shares accruing before the twentieth of the month shall be reckoned as in for the full month.

VI. Profits.

After paying or providing for expenses of management, and for interest on shares and setting aside at the rate of ten per cent per annum to repair the deterioration on fixed stock, the net proceeds of all business shall be divided quarterly among the members of the company in

proportion to the amount of their purchases at the store during the quarter, but the quarterly meeting shall determine what percentage shall be paid to members and also to non-membere if they deem it advisable.

VII. Bonds.

Every person appointed to any office touching the receipt, management and expenditures of money on account of the company shall give such security as the board of managers may deem satisfactory when so required of said board.

VIII. Management.

Sec. 1. The board of managers shall have the general management and supervision of the company; shall appoint the manager, salesmen and employes and shall assign to them such duties and compensation as they may deem proper.

Sec. 2. The board of managers shall frame rules for the management of the store or stores and any other branch of business in which the company may engage; subject to the approval of the regular meeting. These rules cannot be altered or amended except by a two-thirds vote of the members present at a regular meeting—fifteen days' notice having been given by display in the store of the company.

IX. Penalties.

Sec. 1. Any member failing for three consecutive months to pay any fines, debts, or other sums due the company may be suspended from participation in the profits, and no dividends shall be declared on purchases not paid in by end of quarter in which they were purchased.

Sec. 2. The board of managers shall have power to suspend any member whose conduct has been injurious to the company and shall report such action to the next regular meeting, when if a majority of the members present sustain the board the person may be expelled. The secretary shall give the accused five days' notice of such hearing.

Sec. 3. Expelled members shall not be eligible to join for one year.

X. Remuneration.

Sec. 1. At any regular meeting of the company the majority of the members present may assign to the committees, auditors, or other officers of the company such remuneration as seems to them advisable.

Sec. 2. No employe of the company shall be an auditor on any account whatever.

Sec. 3. Any member of the board of managers shall vacate his office if he is carrying on the same business as the company, if he becomes bankrupt, if he be concerned in or participates in the profits of any contracts with the company. But the above rules shall be subject to the following exceptions: That no director or manager shall vacate his office by reason of his being a member of any society or company which has entered into contract with or done any work for the company of which he is manager or director. Nevertheless he shall not vote in respect to such work or contract; and if he does so his vote shall not be counted.

Sec. 4. No director, president, secretary or treasurer while in office shall be allowed to nominate or second the nomination of any member to serve on the board of managers.

XI. Wording.

In construing these by-laws words importing the masculine gender shall be taken to apply to females. Words importing one person or

thing shall be taken to apply to more than one person or thing, and words importing a class shall be taken to apply to the majority of that class unless there is something in the context to prevent such construction.

XII. Moneys.

All sums due from any member under the provisions of these by-laws for subscription or otherwise shall be recoverable from him, his executors, or administrators by legal process as debt due to the company; and the secretary shall lay before the regular meeting a return of all moneys due for any subscriptions or other debts due to the company; and of all moneys paid to every member under the provisions of these by-laws since the last of such returns and a copy of each of such returns shall be furnished to the board of managers, who, on the resolution of any such meeting shall take such proceedings as they deem advisable to enforce the payment of any sums so due.

XIII. Loans.

The board of managers may obtain by way of loan from any person for the purpose of the company from time to time on the security of bonds or promissory notes, signed by at least five of the board of managers and countersigned by the secretary, such sum or sums of money as any special or regular meeting of the members may sanction, not exceeding two-fifths of the amount of the declared capital of the company at such rate or interest and subject to such provisions for repayment as are agreed upon on such advance.

XIV. Payments.

Should the board of managers have more cash on hand than they can profitably invest, they shall have power to repay all loans contracted under the thirteenth article.

XV. Withdrawals.

Sec. 1. Members may withdraw any sum of money over fifty dollars, provided that in the opinion of the board of managers the funds of the company will so allow.

Sec. 2. A member who has paid up all his shares may withdraw from the company by giving notice of his intention in writing to the secretary, and any member may withdraw without paying up all his shares with the consent of the board of directors. Upon the withdrawal or exclusion of a member he shall receive a note of the company redeemable in six months bearing interest at the rate of eight per cent per annum for the amount of capital paid in by him with all the earnings of said capital.

XVI.

Any member being in distress may withdraw any sum he may have in the funds of the company above twenty dollars upon permission being given by the board of directors.

XVII. Reserves.

For assuring each member the full value of his investment all undivided balances or profits shall be paid into a reserve fund, the same to be invested in the working capital of the company.

XVIII. Assessments.

The board of managers shall have the power to levy assessments for unpaid balances of subscribed stock, not to exceed twenty-five cents per week for each member.

XIX. ACCOUNTS.

Sec. 1. The books and accounts of the company shall be opened to inspection of the members at all reasonable times.

Sec. 2. If any disputes arise between any of the members under the rules, or between members and the managers or salesmen in the store, the same shall be settled by the board of directors or by arbitration, and any member refusing to submit to arbitration shall be expelled.

Sec. 3. If any member has any complaint to make relative to the qualities of or prices charged for goods the same should be presented to the board of managers, who shall proceed to investigate them.

Sec. 4. Any member may likewise send to the board of managers suggestions in writing for carrying into better effect the objects of the company and it shall be the duty of the board to consider the same.

XX. AMENDMENTS.

These by-laws may be amemded at any regular meeting of the company by a majority of the members present and voting, provided that a notice of the proposed amendment shall be displayed in the store fifteen days previous to such meeting. But no amendment shall ever be entertained to allow any member more than one vote.

BY-LAWS OF THE TEXAS COÖPERATIVE ASSOCIATION.

I. MEMBERSHIP.

Section 1. Any coöperative association of the Patrons of Husbandry, or subordinate grange, may become a member of this association by subscribing and paying for one or more shares of stock, and complying with the charter and by-laws, and shall be entitled to one vote in the meetings of the Texas Coöperative Association.

Sec. 2. Individual members of the Grange in good standing may become members of this association by paying for one or more shares of stock and by complying with the requirements of the charter and by-laws, and will be entitled to but one vote in his own right; but may cast as many as five votes by written proxies for other members of the association.

Sec. 3. Liabilities. Incorporators and shareholders shall be liable for debts contracted by the association only to the amount of shares held by them.

II. MEETINGS.

Section 1. The Texas Coöperative Association, Patrons of Husbandry, shall meet annually, by 10 o'clock a. m., on the second Wednesday in January of each year, at such place as may be designated by a majority vote of the board of directors. Special meetings of the association may be called by the president with the consent of a majority of the board of directors. No business shall be transacted at such special meetings except that specified in the call.

Sec. 2. The annual meetings of the board of directors shall be held on the day preceding the annual meetings of the association.

Sec. 3. Special meetings of the board of directors may be called by the president at any time on twelve days' notice to each, which notice

shall be sent by mail. No business shall be transacted at such special meetings except that specified in the notice.

III. QUORUM.

Section 1. At all meetings of the association fifteen members shall constitute a quorum, exclusive of individual proxies held; provided that proxies (or delegates) from associations or granges shall be counted in the number necessary for a quorum.

Sec. 2. At all meetings of the board of directors seven shall constitute a quorum.

IV. ELECTIONS.

Section 1. There shall be elected at each annual meeting of the association a board of thirteen directors. It shall be the duty of the board of directors to elect the general business manager, who shall be a patron of husbandry in good standing; and no one shall be employed in the business of the association without their advice and consent, and they shall have power to discharge any and all persons employed by them under their direction. All vacancies in the offices of the association shall be filled by the president until the next regular meeting of the board of directors. All elections shall be by ballot.

Sec. 2. The board of directors shall elect from their number a president, treasurer and secretary, who shall serve for one year and until their successors are elected and qualified.

Sec. 3. The board of directors shall be chosen from the shareholders of the Texas Coöperative Association, Patrons of Husbandry, and delegates who may be sent by the coöperative associations or granges owning stock in the association.

V. DUTIES OF OFFICERS.

Section 1. *President.* It shall be the duty of the president to preside at all meetings of the association and board of directors, and have general supervision of the association, receive and carefully preserve all bonds which may be executed to the association, and in his absence the members shall elect a president pro tem.

Sec. 2. *Treasurer.* The treasurer shall be responsible for all money paid him on account of the association, and shall only pay orders drawn by the president, countersigned by the secretary, with the seal attached. He shall balance his cash accounts weekly, and furnish monthly reports to the president; also make a report to the directors at their annual meetings.

Sec. 3. *Secretary.* The secretary shall attend all the meetings of the association and directors; summon all special meetings of the board of directors, keep a correct record thereof; keep account of the stock taken in the association, and deposit with the treasurer all money received by him, at least once in every thirty days, and perform such other duties as may be assigned him by the board of directors.

Sec. 4. *Board of Directors.* The board of directors shall in all things act for and in the name of the association, and all acts and orders of the directors, under the power delegated to them, shall have like force and effect as the acts of the association at a regular meeting thereof. All questions shall be decided by a majority of the votes present. The directors shall designate the salaries or compensation to be allowed the officers and employes, and report to the association at each annual meeting the condition of the association.

Sec. 5. The general business manager shall transact the business of the association in the city of Galveston, or such other place or places as may be selected by the directors. He shall appoint the clerks, with the advice of the president and the approval of the board of directors. He shall make monthly statements of the business to the president and to the board of directors at their annual meeting, and at such other times as they may require.

Sec. 6. It shall be the duty of the secretary, at the expiration of sixty days after each annual report of the board of directors, to issue certificates of stock for all uncalled for profits not otherwise provided for, to the amount of even shares, in the name of the owner thereof, and send the same to him; also to issue drafts for all fractional parts of shares remaining, when applied for.

VI. Bonds.

The secretary, treasurer and business manager shall give bonds in such sums as may be required by the board of directors for the faithful performance of their several duties, and to secure the payment of all money and other property coming into their hands; provided that none of the aforesaid officers shall have a voice in determining the amounts of their bonds, or the approval of the same.

VII. Books.

Section 1. Regular sets of books shall be kept under the supervision of the general business manager, secretary and board of directors, in which shall be kept exact records of all business done with members and customers, setting forth in detail the dividends due each shareholder on stock, and of patrons, customers of this association.

Sec. 2. Clerk-books shall be furnished each member of this association, in which shall be entered the number of shares in his name, the amount of business transacted with the association, the interest and accumulation on stock, the dividends on purchases, the rate of dividends declared, and amount withdrawn; also the times of the meetings of the association and board of directors.

VIII. Certificates of Stock.

Certificates of stock shall be issued to shareholders after the following form: Incorporated the 5th day of July, A. D., 1878. Capital Stock, one hundred thousand dollars ($100,000). Shares, five dollars ($5) each. This certifies that —— of the County of —— and State of Texas, and a member of —— Grange No. —, is the owner of share No. — in the Texas Coöperative Association, Patrons of Husbandry, subject to the rules of the association. In witness whereof, the seal of the association and the signatures of the president and secretary are hereto affixed, at the ——, this —— day of —— 18—.

————————, President.

————————, Secretary.

IX. Seals.

This association shall have a seal.

X. Capital Stock.

Section 1. The capital stock of this association shall be raised by the sale of certificates of stock, in shares of five dollars or its multiples.

Sec. 2. The money raised from sale of certificates of stock shall be employed by the board of directors in accordance with Article 2 of Charter.

XI. Profits and Divisions of Profits.

Section 1. The profits of all the business transacted by the association, after paying all expenses of the management, shall be disposed of in the following manner at the annual meeting of the board of directors: First, shareholders shall be allowed ten per cent interest per annum on paid up stock; secondly, a portion may be set apart, at the discretion of the board of directors and by consent of the association, to increase the capital.

Sec. 2. After making provisions in the manner above stated, the remaining net profits shall be divided pro rata among the stockholders and patrons, based upon the profits derived from the business furnished; shareholders receiving full dividends; patrons not shareholders, half dividends.

Sec. 3. The profits arising from the business furnished by non patrons, and one-half of the profits on that of patrons of husbandry who are not shareholders, shall constitute and be known as the accumulative fund, and shall be divided annually pro rata among the stockholders, based upon the number of paid-up shares; and stock shall be issued for the same.

XII. Complaints.

All complaints shall be made to the general business manager, or to any member of the board of directors, in writing, signed by some members of the association. The directors shall make such investigations and decisions thereon as they may deem proper, subject to an appeal to the next regular meeting of the association, whose decision shall be final. All complaints and decisions shall be entered in a book kept for that purpose.

XIII. Amendments.

These by-laws may be altered or amended at any annual meeting of the association by a majority vote of the stockholders present.

BY-LAWS OF THE FRUIT GROWERS' UNION, HAMMONTON, N. J.

Article I.

The name of this organization shall be "The Fruit Growers' Union and Coöperative Society (Limited)."

Article II.

The officers of the society shall consist of a president and eight directors, to be elected from the members annually by ballot; and at the same time there shall be elected an auditing committee of three; a plurality of votes to constitute an election. All vacancies shall be filled by the board of directors.

Article III.

Section 1. Annual meetings of the society for the election of officers and the transaction of other business shall be held on the last Saturday in January, at two (2) o'clock in the afternoon. Place to be designated in the call.

Sec. 2. Special meetings of the society shall be called by the president whenever a majority of the directors shall deem it expedient, or whenever ten or more members request the same in writing. The notice of said meeting and the object in calling it shall be printed and mailed to each member in due season. A quorum for the transaction of any business at any regular or special meeting shall consist of not less than twenty (20) members.

Sec. 3. The president may call meetings of the board of directors from time to time for consultation, and shall call meetings when requested by three directors.

ARTICLE IV.

Such real and personal estate as the purposes of the society require may be acquired and held, but at no time shall the value of such estate exceed the sum of twenty-five thousand dollars ($25,000); provided that this limitation shall not apply to merchandise kept for sale.

ARTICLE V.

Shares may be transferred on approval of the board of directors; but where approval is not given, they shall purchase such shares at a price not exceeding their par value, but no share shall be transferred if the holder is indebted to the society.

ARTICLE VI.

Members may withdraw at any time by giving notice in writing to the secretary, and paying all indebtedness to the society.

ARTICLE VII.

Whenever in the opinion of the directors it is desirable to invest any portion of the capital of the society in a wholesale coöperative store they may report the same to a regular or special meeting of the society, and the recommendation shall be determined by a majority vote of the members present.

ARTICLE VIII.

The board of directors may determine from time to time what credit may be given to the members, and a monthly report shall be made to the board from the person in charge of the store showing the amount of busines done, and the amount of indebtedness; and under no circumstances shall credit be given to any member who is one year in arrears to the society. The board shall use every effort to collect its bills, and to insure the safety of the society in the execution of this part of its business.

ARTICLE IX.

The auditing committee shall examine all accounts of the society and shall make a detailed report of its financial condition, prior to the annual meeting, which shall be printed and mailed by the secretary to the members; and they shall receive such compensation for said work as the directors may consider just.

ARTICLE X.

Section 1. The mercantile and shipping departments shall be separate and distinct, and the expenses of each department shall be taken from its own resources.

Sec. 2. Six per cent annually shall be paid on all shares of stock at the beginning of each financial year. A sum equal to five per cent of the net profits shall be annually set aside as a contingent fund until

the amount reaches thirty per cent of the said stock. The amount thus required shall be taken from the profits of the two departments in such proportion as the directors may deem just. The remaining profits, if any, shall be divided as follows:

First, On shipments in proportion to gross sales, which shall be computed from members' bills; and for this purpose all bills must be filed in the office of the secretary on or before December 1st.

Second, On merchandise, in proportion to amounts purchased, except that non-members shall receive half the rates of members.

Sec. 3. Dividends shall be declared annually in both departments, and profits from shipments may be paid in stock or in cash, and profits from sales of merchandise may be paid in goods or in cash, as the board of directors may determine; but no part of any dividend shall be paid to a person indebted to the society.

ARTICLE XI.

The society shall possess a seal of the same device as the one in use prior to reorganization, which shall be in the custody of the secretary, and shall be stamped upon such papers as are usually sealed or that the law may require.

ARTICLE XII.

The board of directors shall elect one of their number treasurer, also a secretary, agent, and such other employes as the society may need for the transaction of its business, and shall fix the compensation of all its employes. They shall also provide for the issue of certificates of stock, which certificates shall be signed by president and treasurer.

ARTICLE XIII.

The treasurer shall receive the moneys of the society from the secretary; shall disburse the same in accordance with the direction of the board of directors, only upon orders signed by the president and countersigned by the secretary. He shall keep a shipping and trading account, and an account of all receipts and disbursements, and make a written report to the board of directors, when required by them, of the financial condition of the society, and shall pay over to his successor in office all moneys and deliver over all books and papers belonging to the society.

ARTICLE XIV.

Each member shall have but one vote, which must be cast in person.

ARTICLE XV.

Section 1. The society will assume the position of agent for the various commission merchants with whom its members do business; and for this service said merchants shall be required to pay into the treasury of the society such commission as shall be fixed by the board of directors on all sales made for its members.

Sec. 2. A book, to be known as the Merchants' Book, shall be opened by the secretary of this society, in which shall be recorded the names of all merchants complying with this requirement. Such list to be headed by the name of the town or city in which they are located.

Sec. 3. Upon the opening of a new market, careful inquiry shall be made concerning the standing of the merchants of such locality, and report the names of such as are reliable and subscribe to our conditions, which names shall then be added to the merchants' book; and a list of such merchants shall be forwarded by the directors to every member of the society on or before the first of May, annually.

ARTICLE XVI.

At the request of members, new commission houses may be entered on the merchants' book by order of the directors; provided, said members furnish satisfactory evidence of the financial standing of such houses.

ARTICLE XVII.

Members shipping to commission houses not entered our books, except in cities where we do no business, shall forfeit the sum of one dollar for each offense, which amount shall be taken from such offending members' dividends. They shall also forfeit all claims on the society to look after their losses for that year.

ARTICLE XVIII.

These by-laws may be altered or amended at any regular meeting, or at any special meeting called for that purpose, by a two-thirds vote of those present at such meeting.

BY-LAWS OF THE CALIFORNIA FRUIT UNION.

TRUSTEES.

Section 1. The powers and authorities necessary for the full management and care of the affairs of the corporation shall be vested in a board of trustees, nine in number, three of whom may be non-producers, engaged in buying and shipping fruit, who shall be elected by the stockholders annually, on the third Wednesday in January of each year. No person shall be eligible for the office of trustee who shall not hold, at the time of his election, five shares of the stock of the company. And the office of any trustee shall become vacant whenever he shall cease to hold said minimum quantity of stock, associated with equivalent producing acreage. At the first meeting after their election, which must be held within ten days thereof, the board of trustees shall organize by the election of one of their number as president, and a second as vice-president, for their term. They shall also elect a treasurer, who may or may not be of their number, and may be a corporation; and a secretary, who need not necessarily be a stockholder. They shall also appoint a general manager, who may or may not be one of their number, to hold office during the pleasure of the board, and to perform such duties as the board may, by vote, prescribe. They shall fix the salaries and amount of bonds of the president, vice-president, secretary, treasurer, and general manager, and see to the proper filing of such bonds, and their maintenance in unimpaired sufficiency of security. They may fix their own times and places of meeting, for the transaction of the business of the corporation, and may adopt such rules and regulations for their government and for the management of the affairs of the corporation, as they may deem desirable, and not inconsistent with the provisions of these laws. Trustees shall receive no compensation for their services to the corporation as such, but shall be paid their actual traveling expenses in attendance upon any meeting of the board of trustees.

THE PRESIDENT.

Sec. 2. The president shall be the executive officer of the corporation, and shall preside at all meetings of the stockholders and of the board of trustees; shall sign, with the secretary, all certificates of stock, deeds, contracts, leases; and generally exercise all other authorities and perform all other duties connected with the affairs of the corporation, requisite and appropriate to such office. He shall receive such compensation as may be fixed by the board of trustees, for his services to the corporation as president, and shall be allowed actual traveling expenses, in attendance upon any business appertaining to the affairs of the corporation.

THE VICE-PRESIDENT.

Sec. 3. The vice-president shall, in the absence or other incapacity of the president, perform his duties and exercise his powers, being subject to the same rules as to compensation and expenses, when acting as such president.

MEETINGS.

Sec. 4. *Special Meetings.*—The president, or, in his absence, the vice-president, shall call special meetings of the stockholders of the corporation, or the board of trustees, whenever, in his judgment, the interests of the corporation require, or at any time on the written request of ten stockholders of the corporation; causing, in the case of the stockholders, two weeks' notice of the meeting and its objects to be published in some newspaper in the county in which the corporation's principal business office is situated; and in the case of the board of trustees, at least three days' notice to each member of the board, personally or in writing, addressed to his last known place of abode; provided, that when all the stockholders of the corporation, or all the members of the board of trustees, shall be present at any meeting, however convened, and shall sign a written consent thereto in the minutes thereof, business of any nature may be transacted thereat, in like manner and with like effect as if such meetings were formally called. At each annual meeting of the stockholders, to be held as before provided, on the third Wednesday of each year, the president shall submit a report of the operations of the corporation for the year preceding, accompanied by detailed reports from the general manager, secretary and treasurer.

STOCK.

Sec. 5. Subdivision 1.—The capital stock of this corporation shall be evidenced by certificates, duly signed by the president and secretary, consisting of two hundred and fifty thousand (250,000) shares, of the par value of one dollar ($1) per share; and certificates may be issued prior to the full payment of the par value, subject to the provisions of this by-law. Each subscriber must, upon the issuance of his certificate, pay to the secretary twenty-five per cent of the par value, and thereafter, on the call of the board of trustees, must pay twenty-five per cent of such par value until the whole is fully paid.

Subdivision 2.—No person shall be admitted as a stockholder in this corporation, either by original subscription or by purchase, transfer or otherwise, nor shall any certificate of stock be issued to any person, unless such person is the owner of either one (1) acre of orchard, or one (1) acre of vineyard or shipping grapes, or one (1) acre of small fruits

or vegetables, suitable for shipping beyond the limits of the State of California, for each share of stock which he claims to have issued or transferred to him. Any non-producer engaged in buying and shipping fruit may become a member of the union by taking two hundred (200) shares.

Subdivision 3.—The secretary may require from any person claiming the issuance or transfer of a certificate of stock, an affidavit, showing that he is qualified to own the same under the provisions of Subdivision 2 hereof.

Subdivision 4.—When any person to whom stock has been issued, in accordance with the provisions of Subdivision 2 hereof, shall cease to possess the qualifications required by said Subdivision 2, he shall, *ipso facto*, to the extent to which he shall so have ceased to possess such qualifications, cease to be or to have any rights as a stockholder of this corporation, *except* that he may transfer his stock to any person qualified to be admitted as a stockholder, or may surrender the same to the corporation, in accordance with the provisions hereof: *provided, however*, that the representative of the estate of a deceased, insolvent or bankrupt stockholder may exercise ownership of the stock of such deceased, insolvent or bankrupt stockholder, so long as his estate shall continua to own the orchard, vineyard or vegetable land necessary to qualify the original owner to hold such stock.

Subdivision 5.—When any stockholder shall cease to be qualified as such, he may deliver up to the secretary his certificate of stock, which shall thereupon be canceled, and he shall be repaid by the corporation the amount he shall have paid thereon.

Subdivision 6.—This by-law shall be printed in full on the back of each certificate.

General Manager.

Sec. 6. The general manager shall, by authorization of the board of trustees, take general supervision of the business of the corporation, in preparing for the forwarding to markets of sale and the selling in such markets, all the fruit and fruit products and other produce under the control of the corporation. He shall, by and with the assistance of the secretary, district the whole State into produce districts, grouped territorially with reference to the natural common shipping point; shall cause to be prepared reliable returns of the number and variety of trees and vines in each said district, their estimated yield each shipping season, to the end that an approximately reliable calculation may be made in advance of each season's shipping operations, of the quantities and varieties for which markets must be found. He shall collect, digest and tabulate all this information, so that it may be seasonably and periodically placed before the trustees of this corporation. In all arrangements for shipping and marketing, he shall be clothed with such powers and authority by the board of trustees as shall be best calculated to make his dispositions effective, and result beneficially to the interests of the stockholders of this corporation.

Secretary.

Sec. 7. The secretary shall be the custodian of the records of the corporation. He shall keep full minutes of the proceedings at all meetings of the stockholders and of the board of trustees. He shall, jointly with the president, sign all certificates of stock, always strictly

in accordance with Section 5 hereof, regulating stock issue and transfers, keeping proper books of record thereof; shall make in due form, in accordance also with Section 5 hereof, all transfers of stock, whenever required, carefully canceling all retired stock certificates; shall keep an accurate account of the stockholders of the corporation; shall countersign all contracts, deeds and leases signed by the president under the direction of the board of trustees, keeping an accurate record of the same. He shall collect of the subscribers to stock in this corporation the amount of their contribution to its capital, and pay the same over to the treasurer of the corporation. He shall keep accurate accounts of the receipts and expenditures of the corporation, full and detailed books of account with the various individual subscribers consigning produce to the corporation for sale, rendering proper statements thereof; also full and detailed accounts of all shipments by the corporation. He shall, in connection with the general manager, as provided in Section 6 hereof, cause to be prepared and periodically issued to the trustees, for the exclusive benefit of the corporation, reports and estimates of the probable fruit yield of each season, and report on Eastern consumption markets; in fact, establishing and maintaining, in the highest possible efficiency, a department of statistics, where everything calculated to promote the interests of the stockholders of this corporation may be carefully collected, digested, and periodically published to the members of this corporation. He shall issue the proper notices of all meetings of the stockholders and board of trustees. He shall, in all other respects, perform such other duties as may be appropriate to the office of secretary, and be required by the board of trustees.

Treasurer.

Sec. 8. The treasurer shall have charge of the finances of the corporation; shall receive from the secretary, as hereinbefore provided in Section 7, all avails from disposal of stock and proceeds from assessments of stock of the corporation, depositing the same in bank or depository, to be selected by the board of trustees, to the credit of the corporation, thence to be drawn only on the order of the president and secretary. He shall collect and receive all moneys belonging to the corporation, from whatsoever source derived. He shall furnish a good and sufficient bond for the safe custody of the same on the call of, and to the satisfaction of, the board of trustees. He shall keep proper books of account, at all times open to the inspection of stockholders, and at each annual meeting of the stockholders he shall submit a report, accompanied by proper vouchers, of the corporation for the preceding year. He shall also make such partial reports as may be called for by the board of trustees at any meetings of the board, or of stockholders, other than the annual meetings. He shall make all necessary disbursements for the current transaction of the affairs of the corporation, in accordance with whatever system the board of trustees may direct.

Quorum, Votes, Proxies.

Sec. 9. Stockholders representing a majority of the outstanding stock of the corporation, and a majority of the board of trustees, respectively, shall constitute a quorum for the transaction of business at all meetings of their several bodies. All questions at meetings of the

board of trustees shall be decided by the vote of a majority of the members present; all questions before meetings of the stockholders shall be decided by voting of shares, one vote to each share of stock actually owned by an owner of an equivalent acreage of orchard, vegetables, small fruits or vineyard of grapes, and no stock shall be recognized as entitled to a vote, unless so voted by an owner of such equivalent acreage, as before mentioned. Voting by proxy shall only be allowed when the proxy is of his own right an actual owner of stock in the corporation, with an equivalent ownership of orchard and vineyard. The majority of votes cast in accordace with the foregoing shall decide all questions at meetings of the stockholders.

GUARANTEE, SHIPMENTS, SALES.

Sec. 10. All stockholders shipping through the Union shall be required to file a good and sufficient guarantee with the secretary of the Union, to indemnify the said Union against all losses from non-payment of freights, or for any sales of fruit or vegetables not covering expenses on his or their shipments. No fruit or vegetables shall be shipped through the Union, except the product of acreage duly represented by ownership of stock in the Union, upon which stock all calls or assessments shall have been paid. The board of trustees are authorized to sell fruit at auction, when in their judgment they think it best to do so.

DIVISION OF PROFITS.

Sec. 11. In the division of the net profits of the Union there shall be allotted to the stockholders of the Union dividends of not exceeding six per cent per annum on their stock; next, there shall be allotted two per cent to a reserve fund of the Union; and all the remaining profits shall be divided among the stockholders of the Union, who consign their produce through said Union, in proportion to the amount, in selling value, of their produce so consigned by them; the intent thereof being to make the Union essentially a "coöperation" for the profit of fruit-growers supporting it.

LOCAL CORPORATIONS.

Sec. 12. Local corporations, associations, coöperative unions, or other bodies, corporative or otherwise, which are already organized, or which may be hereafter organized, which represent and which are duly empowered to act for a community, or for the fruit producers of a special locality or localities acting in unison, may subscribe to the capital stock of this corporation as an organization, to the extent of a number of shares equivalent to the acreage of the individual owners or producers composing such organization, and such stock subscriptions and the issue thereof shall be subject to all the rules and regulations for stock issue, transfer, voting, etc., hereinbefore prescribed for individual stockholders.

SURRENDER OF STOCK.

Sec. 13. Any stockholder, while still qualified as such, may at any time surrender and deliver to the secretary his certificate of stock for cancellation, and the same shall thereupon be cancelled, provided it is fully paid, or he then pays it up fully. From the time of such surrender of such stock he shall no longer be a stockholder in said corporation, and by such surrender he shall forfeit whatever he may have paid on such stock.

LIMITATION OF DEBTS.

Sec. 14. No debts shall be incurred for this Union, by its officers, exceeding the aggregate amount of ten thousand dollars ($10,000) at any one time, except for freights on produce handled by or through the Union.

AMENDMENT OF BY-LAWS.

Sec. 15. These by-laws may be amended without notice, by a vote of a majority of the subscribed stock, upon which at least twenty-five per cent of the par value shall have been paid in, at the first annual meeting of stockholders; thereafter they may be amended by a vote of two-thirds (⅔) of such subscribed stock, upon which all calls shall have been paid in, at any regular or called meeting, provided that due notice of such amendment shall have been given at a previous meeting, or a notice through the mail, by the secretary, at least ten (10) days prior to date of meeting, shall have been addressed to each stockholder of the corporation at his last known residence.

KANSAS ALLIANCE EXCHANGE COMPANY.

CONSTITUTION.

1. The name of this corporation shall be The Kansas Alliance Exchange Company.

2. The purposes for which this corporation is organized are: To conduct a general mercantile business; to act as agent for the purchase and sale of all kinds of farm and orchard products, and general forwarding agents for all kinds of commodities; to erect, manage and operate warehouses, stock yards, grain elevators, packing establishments, and all such other enterprises as may be found necessary or advisable to profit or betterment.

3. This corporation shall have the power, by and under its corporate name, to enjoy the following rights and privileges, to wit: It shall be capable in law to purchase, receive and hold and enjoy lands, goods and chattels, of any kind or effect whatsoever, the same to grant, sell and dispose of, sue and be sued, plead and be impleaded, contract and be contracted with, to make a common seal, to alter or break the same, to establish and put into execution by-laws governing the corporation, and to do a printing and publishing business.

4. The capital stock of this corporation shall be $500,000, divided into 100,000 shares of $5 each, and business shall be begun as soon as $10,000 shall be subscribed and paid in.

5. Subscriptions for shares of capital stock shall be made by sub-alliances, and by individual members of the same, and shall be accompanied by the full amount of the stock subscribed.

6. All male members shall subscribe at least $1 to the sub-alliance or individual stock, to enable them to enjoy all the benefits of the Exchange: *Provided*, That no alliance or individual shall own more than fifty shares of stock.

7. Receipts will be given for fractions equal to one-fifth of a share, but representation shall only be allowed to full shares.

8. Stock shall be non-assessable and non-transferable, except to members of the Farmers' Alliance.

9. Holders of fractional shares shall be entitled to full benefit of membership in the association, except representation.

10. Each sub-alliance shall be entitled to one trustee stockholder, who shall be elected at the regular election of officers. He shall represent such sub-alliance in the meeting of the trustee stockholders, from and for the sub-alliances in that county, and shall be entitled to as many votes as he represents shares of stock.

11. Individual stockholders shall be entitled to one vote for each share of stock by them owned, and may be represented in person or by proxy at any meeting of the county convention of trustee stockholders.

12. The sub-alliance trustee stockholders shall at their regular annual meeting elect from their number one delegate for all shares of stock owned in the county, who shall be known as county trustee stockholder, and shall be authorized to represent the stock held in that county in the State meeting of trustee stockholders of the corporation, and shall be entitled to as many votes as he represents shares of stock. Each trustee stockholder shall be the representative of the Exchange in his alliance, and shall give bond in the sum of $.....for the faithful performance of duty.

13. The regular annual meeting of the sub-alliance trustee stockholders shall be at the same time and place as the regular quarterly meeting of the county alliance, in October of each year.

14. The regular annual meeting of the county trustee stockholders shall be at the time and place of the annual meeting of the Farmers' State Alliance of Kansas.

15. The county trustee stockholders shall elect annually a board of seven directors from the stockholders, four of whom shall constitute a quorum.

16. The board of directors shall elect from their number a president, vice-president, secretary, treasurer and an executive committee of three. They may employ or discharge such assistants as necessary, taking sufficient bonds to cover all responsibility reposed. They shall enact suitable laws and regulations, subject to approval by the next meeting of stockholders: *Provided*, All such by-laws and regulations shall have the full force of law until the stockholders shall have refused to concur therein.

17. Owing to the fact that the election of trustee stockholders cannot concur until next June, it is recommended that the State Alliance elect a board of directors, to serve until their successors are elected and qualified.

By-Laws.

1. The office and place or places of business of this corporation shall be fixed by the board of directors.

2. The board of directors shall have entire control of the business affairs of this corporation.

3. The officers of the board of directors shall consist of a president, vice-president, secretary, treasurer and an executive committee of three.

4. The president shall preside at all meetings of the board of directors, at the annual meeting of the trustee stockholders, sign all orders for the payment of money, and perform all other duties required by the board of directors. In the absence or disability of the president, the vice-president shall perform the duties of the president. In the absence of both president and vice-president, the board of directors may elect a president *pro tem.*

5. The secretary shall keep an accurate record of all the meetings of the board of directors, and the annual meetings of the county trustee stockholders. He shall keep a set of books, in which he shall make a record of all the business transactions and accounts of the corporation. He shall keep a list of stockholders, and the number of shares held by each; call all meetings ordered by the president of the board of directors; receive all moneys paid into the corporation, receipt therefor, and pay the same over to the treasurer and take his receipt therefor. He shall conduct the correspondence relating to the business of the corporation, make all reports required by the board of directors and keep a true copy of the same, and make annual report at the close of the business of each year, setting forth clearly the condition of the business of the corporation as represented by the accounts and records in his office, and do and perform such other duties as may be required of him by the board of directors. He shall give bond in double the amount of money likely to come into his hands, conditioned upon the faithful discharge of the duties of his office. He shall turn over to his successor all books, papers, money and all other property in his possession belonging to the corporation.

6. The treasurer shall receive all moneys belonging to this corporation, and receipt for the same. He shall pay out money only on the order of the president, countersigned by the secretary, with the seal of the corporation affixed. He shall make a quarterly report to the board of directors of all moneys received and disbursed during the quarter, and at such other times as the board of directors may require. At the annual meeting of the board of directors he shall make a full and complete report of all moneys received and disbursed, setting forth the financial condition of the corporation, for the information of the stockholders. He shall give a good and sufficient bond in such sum as the board of directors may require, conditioned upon the faithful discharge of the duties of his office, and turn over to his successor all moneys, books, papers and property in his hands belonging to the corporation.

7. The board of directors may employ an agent, or agents, who shall conduct the business as directed by the board, and shall be subject to its control, so far as the moneys and interests of the stockholders are concerned. But no contract shall be closed by the business agent for goods to supply prospective orders until such contract is ratified by the executive committee. He shall give bond in such sum as the board of directors may require, conditioned upon the faithful performance of the duties assigned to him.

8. The board of directors shall designate some good and reliable bank or banks, at or near the business center of the Exchange, as banks of deposit for its funds, and shall require a bond of said bank or banks for the safe keeping of its funds, if deemed best. And all moneys shall be deposited therein to the credit of the board, and shall not be drawn therefrom except on the order of the president, countersigned by the secretary, with the seal affixed.

9. The regular meetings of the board of directors shall be on the first Tuesday of each quarter, commencing October 1, 1889. Special meetings of the board of directors may be held at any time, on the call of the president, through the secretary.

10. The bond of the treasurer shall be $50,000, and the business agent's bond shall be $20,000. These bonds may be increased at the discretion of the board of directors.

11. The compensation of the officers shall be fixed by the board of directors, and the directors shall not receive to exceed $2 per day and actual traveling expenses, when engaged in the business of the corporation, which claim shall be audited by the executive committee.

12. The executive committee shall have a general supervision of the work of the Exchange company, through its chairman; shall confer with the business agent of the Exchange on matters of business coming before him of a difficult character; shall inquire into the responsibility of all bondsmen of the several officers; shall audit all claims, and shall pass upon the correctness of all official reports, and perform such other duties, not provided for in the by-laws, which demand prompt and efficient action.

13. These by-laws may be altered or amended at any session of the board of directors by a vote of two-thirds of the members present.

BY-LAWS OF THE GRANGERS' BANK OF CALIFORNIA.

Article 1. The name of this corporation shall be "GRANGERS' BANK OF CALIFORNIA."

Art. 2. The principal place of business shall be in the city and county of San Francisco, and State of California.

Art. 3. The bank shall have a capital stock of one million of dollars, divided into ten thousand shares, of a par value of one hundred dollars each.

Art. 4. None but Patrons of Husbandry or corporations composed exclusively of Patrons of Husbandry, shall be permitted to subscribe to the capital stock of the bank, and such persons or incorporations shall not be permitted to subscribe in excess of five hundred shares.

Art. 5. Stockholders of this bank shall be such persons or corporations as may have executed or shall hereafter execute a subscription to the capital stock in form such as the board of directors may prescribe, and shall pay to the cashier of the bank all called assessments, or any person to whom said stock has been duly assigned.

Art. 6. The powers of the corporation shall be vested in a board of eleven directors, who shall be elected by the stockholders at the annual meeting, and shall hold their office for the term of one year, and until their successors are elected and qualified.

Art. 7. The directors shall be stockholders of the corporation, and Patrons of Husbandry, residents of the State of California, and citizens of the United States, and shall hold at least five shares of the capital stock.

Art. 8. The majority of the whole number of directors shall constitute a quorum for the transaction of business, and every decision of a

majority of the persons duly assembled as a board (if not in conflict with these by-laws) shall be valid as a corporate act.

Art. 9. Regular meetings of the board of directors shall be held at the office of the corporation at least once in every two months, and at such other times as the board of directors may direct; and special meetings of the board of directors shall be held at the same place, upon the call of the president; and it shall be the duty of the president, vice-president, or cashier, to call special meetings upon request of five directors, or upon request of stockholders representing one-quarter of the stock issued. No notice need be given of the regular meetings, in addition to that furnished by this article; but of special meetings, the president or cashier shall cause all directors residing outside of San Francisco to be notified by mail or telegraph, mailing the same seven days prior to such meeting, and all directors residing and being in the city and county of San Francisco and any others to whom it is practicable to give such personal notice, to be personally notified.

Art. 10. Whenever a vacancy shall occur in the office of any director, by death, resignation, or other cause, the board of directors shall appoint a successor for his unexpired term. Provided that if more than one vacancy shall occur in the board in any year, a meeting of the stockholders shall be called by the board of directors within thirty days, giving at least twenty days' notice of such meeting, by advertising the same in some newspaper published daily in the city of San Francisco, for the purpose of filling such vacancy or vacancies.

Art. 11. Whenever a director shall cease to be a stockholder, his office becomes *ipso facto*, vacant; such vacancy shall be filled as provided in Article 10.

Art. 12. The board of directors shall elect from their number a president and vice-president of the corporation, who shall hold their office for one year.

Art. 13. The president or vice-president, or either of them, may be removed from office at any time on the vote of seven directors in favor of such removal.

Art. 14. The board of directors shall appoint a cashier, an attorney, and such other officers, agents, clerks or servants as the business of the bank shall require, define their powers and prescribe their duties, subject to the by-laws, and shall fix the salaries or compensation to be paid all officers, agents, clerks, or servants of the corporation.

Art. 15. The president, vice-president and cashier shall have charge and custody of the funds, property, books, papers and other matters of the corporation, under such rules, regulations and restrictions as the board of directors shall prescribe in the by-laws, or by express resolution from time to time made or passed.

Art. 16. The president, vice-president and cashier shall have the power to buy and sell bills of exchange, to make loans under such regulations and restrictions as may be fixed by resolutions of the board of directors, to keep the common seal, and each shall have the power to affix the same to all papers, instruments, or documents, on behalf of the corporation, requiring the seal; they shall each have the power to collect all moneys due the corporation; to make, execute and deliver all receipts, releases, acquittances, or other papers, writings, documents or instruments on behalf of the corporation, proper or necessary in the ordinary course of business of the bank; and

generally to carry on the business of the corporation, subject to the control of the board of directors, expressed through the by-laws, or such express resolutions as may from time to time be passed; and they shall each report to the board of directors, when required, each and everything by them, or either of them, transacted.

Art. 17. The president and vice-president shall not both be absent from the State at the same time, and in case of the absence of either from the bank, his duties and powers shall devolve upon and be performed by the other; and each to be eligible to such office shall be a stockholder to the amount of five shares.

Art. 18. It shall be the duty of the president, and in his absence the vice-president, to preside at all meetings of the board of directors, and at all meetings of the stockholders of the corporation.

Art. 19. It shall be the duty of the cashier to keep or cause to be kept, such books as the business of the bank may require, under the control and instructions of the board of directors. He shall attend personally to the business of the bank at such hours as the board of directors may determine. He shall also be required to give bonds for the faithful performance of his duties, in an amount to be fixed by the board of directors.

Art. 20. The board of directors shall appoint from their number a finance committee of three, whose duties shall be defined by resolution of the board of directors.

Art. 21. The board of directors shall appoint an auditing committee of three from their number, whose duty it shall be to count the cash, and examine the books, vouchers, documents, papers and other assets of the bank; to report upon the same to the stockholders at their annual meetings and to the board of directors from time to time, as they may direct.

Art. 22. The annual meeting of the stockholders for the election of directors shall be held at the office of the bank, on the second Tuesday of January of each year, at one o'clock P. M.

Art. 23. The call for the annual meeting of stockholders, and for the annual election of directors shall be signed by the president, vice-president or cashier, and published at least once a week for four consecutive weeks next preceding the day of meeting, in at least three newspapers of general circulation throughout the State. If from any cause no quorum shall be present, the meeting may adjourn from time to time without further notice.

Art. 24. Amended Oct. 10, 1876; annual meeting. Struck out entirely January 8, 1884; annual meeting.

Art. 25. The board of directors shall have the power to regulate from time to time, the rate of interest to be charged upon loans and allowed upon deposits.

Art. 26. All transfers of stock shall be subject to all debts and equities in favor of the corporation against the person or corporations making such transfer, and existing or arising prior to the regular transfer thereof upon the books of the corporation; and no transfer of shares shall be made upon the books of the corporation until all dues and demands thereon, due to the corporation from the party or parties representing such shares, shall have been paid.

Art. 27. All transfers of stock shall be made on the books of the corporation, and no transfer shall be binding on the corporation until

so entered, or until all assessments thereon have been paid. No stock that has been transferred on the books of the corporation within thirty days next preceding any meeting of the stockholders, shall be entitled to representation at said meeting.

Art. 28. Certificates of stock shall be issued to the original stockholders of this bank to the number of shares by each subscribed in the original articles of association, as evidence to each of the number of shares by him owned in the capital stock, and the manner of transferring shares shall be by endorsement and delivery of the certificate thereof, such endorsement being by the signature of the proprietor, or his or her attorney, or legal representative. No stock shall be transferred without the surrender of the certificate, and upon such surrender the word "cancelled" shall be written across the face of the certificate by the cashier, and the signature of the officers shall be erased, and such certificate so cancelled shall be preserved by pasting the same to the stub from which it was torn in the certificate book. The transfer books shall be closed for two days prior to the annual meeting and the payment of dividends, and the dividends shall be paid to the stockholders in whose name the stock shall stand when the books are closed.

Art. 29. The officers of the bank are strictly prohibited from loaning its funds on mining stocks.

Art. 30. The board of directors shall have power to dispose of the stock of the bank at rates not less than the par value, and after the first of October, 1874, may fix such premiums on the stock as in their judgment may be deemed just.

Art. 31. All persons subscribing to the capital stock of the bank are required to sign their names to the by-laws.

COÖPERATIVE FIRE INSURANCE.

The following is a model charter (or constitution) and by-laws for a coöperative fire insurance company under the laws of Michigan, but may have to be varied in other sections to conform to the State law.

CONSTITUTION.

We [here insert names of incorporators], and others, residents of —— County, State of ——, have and do hereby associate together (as authorized by the laws of the State of Michigan) for the purpose of forming an incorporated company, to be denominated and known as the Farmers' Mutual Fire Insurance Company, of —— County, for the transaction of mutual insurance upon dwelling houses, barns and all kinds of out-buildings, household furniture, goods, wares and merchandise, stock and grain contained in said buildings, or being upon farms as farm property, or detached private risks belonging to its

members away from business centers; and no other property, real or personal, shall be insured in this company.

NAME.

Section 2. This company shall be known and designated as "The Farmers' Mutual Fire Insurance Company, of —— County," and its principal office of business shall be in the Village of ——, in —— County, ——.

OFFICERS, TERM, QUORUM AND REMOVALS.

Sec. 3. The officers of this company shall be a president, vice-president, secretary, treasurer, and a board of not less than seven nor more than nine directors who shall hold their respective offices, unless removed by death or for cause, until the election or appointment and qualification of their successors in office; any three of said directors shall constitute a quorum for the adjustment of losses and may fix and approve bonds of treasurer and secretary; and any officer of this company may be removed at a special meeting by a vote of two-thirds of the members present.

DUTIES OF OFFICERS.

Sec. 4. The president, when present, shall preside at all meetings of the company, sign all policies which may be done in blank, be ex-officio treasurer of the company, and shall execute a bond in its favor with good and sufficient sureties to be approved by the board and filed with the chairman thereof

He shall furnish a monthly exhibit to the secretary showing all money received from him from all sources; also all orders paid, and the balance; also a summary of the same to the board at their annual meeting, and at such other times as they may require.

He shall pay all orders drawn by the direction of the board, and signed by the chairman and secretary thereof, and shall receive for services well and faithfully performed, such compensation as the members at their annual meeting shall allow.

Sec. 5. In the absence of the president the vice-president shall preside; but if both be absent a president pro tempore shall be chosen from the members present; and by virtue of his office of vice-president he shall be a member of the board of directors and chairman thereof.

Sec. 6. The secretary of the company shall be ex-officio secretary of the board of directors.

He shall keep a book or books in which he shall enter in writing a full, true and perfect record of all doings of the company, and also of the board of directors, and record the appraisals of losses, and in case of loss, notify the board and appoint place and time of meeting, which shall be within ten days after notice in writing of said loss shall have been served upon the secretary and at or near where said property was burned or damaged.

He shall keep a cash account for the company, charging in all moneys received for fees, premiums, interest or assessments, and crediting out all sums paid agents, officers, accounts audited by the board and losses.

He shall keep an office open during business hours and advertise the same, where all his records at all reasonable hours shall be open to inspection of all members of the company.

He shall provide all necessary blanks, books and office fixtures under the direction of the board, issue all policies, levy and collect all assessments, and on the last Saturday of each month pay over to the treasurer all moneys of the company, from whatever source received, taking his receipt therefor.

He shall have the appointment and supervision of the company's agents, who shall report in full to the secretary at least twice a month, and for whose acts he and his sureties shall be responsible.

He shall execute a bond in favor of the company, which shall be approved by the board in such sum as the board shall direct, which bond shall be filed with the chairman thereof, conditioned for the faithful and proper appropriation of all company money which may come into his hands by virtue of his office of secretary.

He shall, upon the written request of twenty members, or by order of the board of directors, publish their call for a special meeting in at least one leading secular paper in each County, naming object, time and place of such meeting, for two consecutive weeks previously.

He may in connection with any two members of the board adjudicate all losses not exceeding $200.

He shall account to and settle with the board at their annual meetings, and at such other times as they may require.

He shall make a report at each annual meeting, exhibiting a clear and concise statement of the condition of the company, and publish the same in some leading paper in each County the first week of each fiscal year, and make the required report to the Commissioner of Insurance all of which reports shall be under oath of the treasurer and secretary.

He shall receive for services for self and agents such compensation as the members at the annual meeting shall allow; but all compensation for secretary's services shall be fixed by the members at the annual meeting for the ensuing fiscal year previous to his election.

Sec. 7. The board of directors shall have the general fiduciary supervision of the affairs of the company; power to fill all vacancies that may occur in its offices, which shall be for unexpired terms only, and make and adopt all needed by-laws for the government of its officers and members, and the conduct of its affairs, to inquire into and take necessary evidence under oath; adjudicate all losses sustained on the property of its members herein mentioned; to audit all claims equitable or legal against the company subject to appeal to arbitrators to order all assessments; to issue all orders on the treasurer which shall be signed by the chairman and countersigned by the secretary; and no moneys of this company shall be paid other than by order of its board of directors.

They shall have power to cancel in whole or in part any policy, whenever in their judgment the safety or interests of the company may so require by paying back to the assured such a proportion of the company's surplus if any, as his insurance bears to the whole amount of insurance of the company.

They shall settle with the secretary and treasurer at least once a year, and in all actions or suits at law in which this company may be a party the chairman of the board of directors under their direction shall act for and represent the interests of this company.

They shall in their discretion direct the treasurer to loan all moneys of the company, not required for immediate losses or expenses.

They shall define the conditions on which policies shall be issued.

Sec. 8. Fifteen members of this company shall be the minimum number necessary to constitute a quorum at all annual and special meetings of the company.

ANNUAL MEETINGS.

Sec. 9. The annual meetings of this company shall be held on the first Thursday after the second Monday of January, and the fiscal year shall begin on that day.

The annual meetings of directors shall be held on the first Tuesday after the second Monday of January.

The annual meeting of members shall begin at ten o'clock A. M. in the village of Allegan at such place as the board shall direct, notice of which shall be conspicuously inserted in one leading paper of each County for two consecutive weeks previously.

The annual meeting of the board shall be in the office of the company, notice of which shall be mailed each director in due season.

Any meeting of the members or directors may be adjourned from time to time as may be necessary until the business of such meeting is completed.

Sec. 10. The regular officers of this company shall be elected at the annual meeting by a majority ballot—the president, vice-president, secretary and treasurer once in two years, and a board of directors annually.

Before entering upon the discharge of the duties of their respective offices, each of said officers shall signify in writing over his own signature his acceptance of such office, which acceptance shall be filed with the secretary within fifteen days after such election.

Also the bond of the secretary and treasurer shall be filed within the time aforesaid.

VACANCIES.

Sec. 11. An office shall be deemed vacant whenever the incumbent thereof shall die, become insane, be removed from office or resign.

MEMBERSHIP.

Sec. 12. Any person may become a member of this company whose risk is in either of the said Counties of Allegan and Ottawa and of such a character as specified in the enumeration of risks—Section 1—by subscribing his or her name to such application therefor as the company provide and use in making insurance and paying to the secretary one and fifty one-hundredths dollars membership fee and two-tenths of one per cent on the amount of his or her insurance.

Any member may enlarge or diminish his or her insurance by notifying the secretary of the company (and paying an office fee of fifty cents) and in case of enlargement two-tenths of one per cent on such increase.

All moneys received shall constitute a contingent fund for the necessary expenses of the company, and for the liquidation of its losses so far as the same may apply.

WITHDRAWAL AND SUSPENSION.

Sec. 13. Any member may at any time withdraw from this company by returning his or her policy, and paying all claims if any, against the same; and each member shall pay his or her assessment respectively to the secretary, or his receiver, within thirty days after due notice by mail and in default thereof if payment be not made within thirty days

thereafter, said delinquent's insurance may be suspended by the secretary or board; and if payment is not made within ninety days after due notice by mail, said insurance shall stand suspended; thereafter every such delinquent shall cease to have any right in or claim against this company by reason of any policy or agreement of insurance executed by it, but such delinquent shall continue liable for all demands due from him or her to this company.

ASSESSMENT.

Sec. 14. Assessment shall be made to pay losses that are greater than the fund on hand. All members assessable are to be equitably assessed as determined by the board from the date of insurance and the resourses of the company, and no assessment shall be less than ten cents on each one hundred dollars of insurance, and may provide as surplus additional a sum not exceeding one-tenth of one per cent on the assets of the company.

The order for assessment must be signed by the chairman of the board and the secretary, and shall be when so made prima facie evidence of the truth, justness and correctness of all the statements therein contained in all suits and actions at law in equity.

PROPORTION OF ACTUAL LOSS PAID, TIME, ETC.

Sec. 15. This company does not consent to an insurance exceeding three-fourths cash value on the property of its members as set forth in section one of this charter, and will not pay more than three-fourths of the actual cash value on the same, but will pay full insurance up to that amount; and it shall be optional with the board to draw their check at thirty or sixty days or hire the money and pay immediately when the company's surplus would render an assessment necessary.

ASSIGNMENTS.

Sec. 16. Policies may be assigned to purchasers of the property it covers, provided the assignment of the property is duly reported to the company, and provided the assignee pays one and fifty one-hundredths dollars membership fee, unless already a member, in which case the fifty cents office fee only.

WHAT INVALIDATES THIS POLICY.

Sec. 17. This entire policy, unless otherwise by agreement endorsed hereon or added hereto, shall be void if the insured now has or shall hereafter make or procure any other contract of insurance, whether void or not, on property covered in whole or in part by this policy; or if the hazard be increased by any means within the control or knowledge of the insured; if mechanics be employed in building, altering or repairing the within described premises for more than fifteen days at any one time; or if the interest of the insured be other than unconditional and sole ownership; or if the subject of insurance be a building on ground not owned by the assured in fee simple; or if the object of insurance be personal property and be or become encumbered by a chattel mortgage; or if with the knowledge of the insured foreclosure proceedings be commenced or notice given of the sale of any property covered by this policy by virtue of any mortgage; or if this policy be assigned before a loss; or if a building herein described whether intended for occupancy by owner or tenant, be or become vacant or unoccupied and so remain for ninety days; or if fire is used in build-

ings unprovided with properly constructed chimneys; or if the ashes are not properly disposed of; or if open lights be used in barns; or if smoking is practiced or allowed in barns.

BY-LAWS.

1. This company will not be liable for losses occasioned by stove pipes passing through combustible floors, unless protected by sufficient ventilator or thimble, and entering a properly constructed chimney.

2. This company will not be liable for losses occasioned by placing ashes in any combustible building, or vessel, or by storing them less than thirty feet from building, or by the burning of smoke houses.

3. An insurance effected by a member holds good to his or her legal representatives for two years from the date of the decease, provided all assessments are promptly paid; it being permissible, however, during the time aforesaid to surrender the policy, and have a new one issued to the legal representatives, on payment of office fee of fifty cents.

4. A member may have his or her policy made payable in case of loss, to a mortgagee therein named as his or her interest may appear, and as shown from said members application on file with the secretary.

5. In the appraisal of loss or damage of live stock, the following rules shall control and limit the action of the board of directors: 1st, on horses—the intrinsic valuation for farm purposes shall be the basis of their appraisal; 2d, on cattle—the intrinsic valuation for labor, for the dairy, and for slaughter shall be the basis of such appraisal; 3d, on sheep—the intrinsic value for wool and for slaughter shall be the basis for their appraisal except as values are increased by agreement with this company.

6. All policies shall bear date and take effect at twelve o'clock noon on the day the application shall be made to the secretary or his agent, if the same shall be accepted by the secretary, unless the applicant shall desire a subsequent day; then on such day at twelve o'clock noon.

7. The application for insurance shall be signed by the applicant or his legal representative which shall be construed as a part of the contract of insurance, and shall be regarded as the warranty of the truth of all facts stated therein, and shall be filed in the office of the secretary.

8. When any member shall sustain a loss, he, his attorney or agent shall, within ten days thereafter, deliver to the secretary a particular statement in writing thereof; and at any meeting of the board for adjustment of the same the directors shall, in their discretion, examine or cause to be examined critically, all available evidence bearing upon the loss in question and to require of the member who has sustained such loss an estimate of the present cash value of property lost, a statement of how and by whom occupied at the time, how the fire originated to the best of his knowledge and belief, and that the loss occurred without fraud or evil practice on his part; also what interest he had in the property at the time; whether any other insurance existed thereon, and if so what amount. Any other matter of inquiry may be elicited and the whole under oath, if deemed necessary by the committee of adjustment; and if there be any fraud or false swearing, with fraudulent intent, the claimant shall forfeit all claims by virtue of any policy of this company for his loss.

9. Upon the board of directors making an assessment upon its members, the secretary shall as soon thereafter as said board shall direct mail notices to each member of their respective assessments. Ninety days after such notices have been mailed by the secretary he shall mail a second notice to all such members as have not at that date paid their assessment, adding thereto a penalty of ten per cent; thirty days after said second notices have been mailed the secretary shall make a list of all such members then delinquent and who have not paid their assessment, and shall take immediate steps for the collection thereof.

10. Whenever additional insurance is obtained by a member, his application therefor shall fully set forth any and all material changes which increase the hazard since the date of the original policy; including any transfer or incumbrances of said property, any and all changes in the relation of the parties, which would alter the right of the parties with regard to the original contract of insurance, and any failure or neglect on the part of any member to clearly make known any such increased hazard the secretary or his agent shall void the policy.

11. In case of a partial loss on a joint insurance this company will only pay such a proportion of the whole loss sustained as its insurance bears to the whole amount insured.

12. Any insurance effected by this company on live stock and implements, shall be limited to the premises described in the application and policy, with this exception: that any member being away from his said premises, or in an adjoining County with any of said property the insurance shall extend to and cover the same during such temporary absence, provided that this company will pay no loss from the injury or destruction of any of such property (except in cases of lightning), if damages or loss occurs to the same in any building which by the charter and by-laws is not insurable in this company if located in Allegan or Ottawa County.

13. All insurance shall stand suspended when engines are used for threshing that are known to be defective, or the engineer known to be proverbially careless, or when wind blows directly or obliquely from engine to barn or stack, or when less than twenty feet intervenes between engine or building or stack, or when all due care and caution is not observed by the member and policy-holder; provided, however, that if a member shall be able to show to the satisfaction of the company that a loss did not occur through his failure to observe any of the precautions above mentioned, or his using all due care and caution, then such failure shall not cause a forfeiture of his insurance; but in no other case will the company be liable for a loss when such precautions and care are not observed and taken.

14. Gasoline or kerosene may be used for cooking purposes on condition that said gasoline shall not be stored on the premises in larger quantities than five gallons, and shall not be stored in any building where fire or lights are used; nor shall stoves or lights be refilled or replenished while burning.

15. Detached private risks belonging to members referred to in the charter shall be situated at least one hundred feet from any exposure.

16. All losses not exceeding $5,000 may be paid by a loan of funds upon the credit of the company, unless in the judgment of the board of directors, or by authority of this company, an assessment shall be made. And the directors are hereby authorized to make such loan or any portion thereof, from time to time, as in their judgment may be deemed necessary, the same to be refunded by an assessment when the losses shall exceed that amount (or as their judgment may dictate, as above specified).

DIRECTORY OF COÖPERATIVE ENTERPRISES.

If more information is wanted about the details of any form of coöperative effort described in this book, a letter of inquiry (with stamps for return postage), specifying the precise points wanted, if addressed to any of the following list of enterprises of the class about which more details are wanted, will probably bring the desired reply.

Other Cooperative Stores, Mills, Etc.

[See also Pages 36-158.]

Worcester, Massachusetts, was long the headquarters of the Sovereigns of Industry, and the principles of coöperation taught by that order took deep root in this city. Several coöperative stores still thrive there.

The Sovereign's Co-operative Store, 9 Pleasant street; J. P. Cheney, agent; incorporated April 20, 1875, with $650 capital, which now amounts to about $3,300. Its statement Jan. 1, 1891, showed merchandise to the amount of $2,305, real estate $1,806, cash and other assets $2,841,—a total for assets of $6,952. The liabilities were,—shares of stock $2,965, mortgage on real estate $1,200, redemption fund $816, dividends and interest unpaid $433, bills for merchandise and all other liabilities $1,231,—a total of $6,647. Five per cent per annum was paid on capital, ten per cent of the net profits credited to the redemption fund, two and one-half per cent of the profits added to the contingent fund, the balance going to dividend on purchasers, which has varied from four to seven per cent. "We redeem shares at the option of holders, and have almost always been able to do this without difficulty. My fifteen years' experience convinces me that faithful, careful and honest management, together with loyalty on the part of the members, will secure success to a greater or less degree. Failure of coöperative associations can be traced to lack of one or all of these perquisites."

Protective Union, Division No. 42, instituted Dec. 18, 1847, is one of the very few of the old Union stores that still exists. It publishes no statement, but the by-laws limit membership to one hundred persons "of good moral character, who do not use or vend intoxicating drinks as a beverage," admitted by a two-thirds vote of all the members upon payment of an admission fee equal to one share of the divisions' net assets. Shares are not transferable, but seventy-five per cent is paid back on withdrawal. No credit is allowed, and the net profits, above reserves, are "divided equally among the members annually"—equivalent to dividend on capital only, since each member holds an equal interest.

The Swedish Mercantile Co-operative Association, 9 Prospect street, Arvid Johnson, Manager, incorporated October, 1884, with authorized capital of $5,000, no one holding over twenty shares. The original sixty-four members have increased to two hundred, but many shares have been redeemed for members who left the city. The company has the first right to purchase shares "at a price fixed by a shareholders' meeting," but one cannot withdraw until at least six months a member, thirty days' notice of withdrawal being required. Ten per cent of the net profits are by law required to be set aside for the sinking fund, but most of the balance has been paid in interest on capital only (although shareholders had but one vote), thus violating the first principle of coöperation, which would divide profits in dividends on cash purchases. Had this been done, the rebate would have been four to six per cent. Goods were sold at the same prices to all, and the society had a manager who possessed the confidence of the Swedes and Germans, who principally comprised the membership. Annual meetings of shareholders and monthly of directors are held, with an annual taking of stock and auditing. The association's success appears from these comparisons:

	Capital.	*Sales.*	*Expenses*	*Profits.*	*Divid'd.*
First year, 1885.....	$1,400	$15,000	.....	.....	.....
Second year, 1886.....	1,935	19,356	$3,210	$263	10%
Third year, 1887.....	3,955	20,100	4,115	800	20%
Fourth year, 1888.....	6,445	38,363	5,186	1,040	20%
Fifth year, 1889.....	8,000	43,701	5,690	1,551	19%
Sixth year, 1890.....	10,000	47,189	6,445	1,840	19%

The First Swedish Co-operative Store Company of Worcester is very successful. Expenses are kept down, and the two hundred members give the store a steady trade for cash. On a capital stock of $3,000 and a sinking fund of $1,800, the sales of 1890 were $49,029. The gross profits were $3,525, of which five per cent, or $166 was set aside for the sinking fund and $300 for ten per cent interest on capital, leaving $2,853 as net profits to be paid in dividend on purchases. For the four years the store has been running members have been returned eight per cent on purchases, and non-members three per cent. Prices are kept on a level with prices in other stores.

The Lisbon Falls (Me.) Co-operative Association, for the six months ended Feb. 6, '91, showed sales to members of $15,549, and to non-members $4,428, a total of $19,977. The profits were $1,419, of which $175 was added to the permanent fund (making it $1,225), and $1,244 was used to pay an eight per cent dividend on members' purchases. The receipts

during the six months were $20,213, of which $755 was for new shares, the balance being sales, cash and rents. The expenditures, (including cash on hand) foot up a like sum, mostly for merchandise, though $410 were shares brought in. The expenses were only $1,235, exclusive of $131.50 interest on taxes, or only a fraction over six per cent on the business done, indicating very careful and economical management; this is further proven by the fact that expenses in the six years have been within an average of one per cent. The liabilities foot up $13,395, of which $9,210 is capital, $263 interest on same, $1,453 bills payable, $1,050 permanent fund and $1,419 profit. The assets embrace stock in store $5,651, real estate (a few two-story buildings, the rents from which make the store's rent almost nothing, $5,900, fixtures $715, cash owing association $725 (only three and one-fourth per cent on sales, showing how well cash payment is enforced) unexpended insurance and taxes $110, cash $294. The members have increased from twenty-nine, with $750 capital, to one hundred and seventy-five with $9,210 capital; the average dividend on purchases has been nine per cent (a total of $12,139), besides three per cent semi-annually on capital (total $2,576), making total returns to members of $14,715, or thirty-two per cent per annum on the average capital employed, exclusive of the reserve fund. The details of this progress appear thus:

	Capital. Stock.	*Net Sales.*	*Interest.* %	*Interest.* Amt.	*Dividends.* %	*Dividends.* Amt.
First six months.....	$1,115	$3,505	3	$29.48	10	$317
Second six months.....	1,725	7,100	3	48.23	12	665
Third six months	6,425	10,563	3	132.66	15	1,275
Fourth six months.....	8,685	14,802	3	199.24	9	1,103
Fifth six months.....	9,650	17,548	3	275.11	10	1,523
Sixth six months.....	10,155	17,692	3	297.80	5	748
Seventh six months...	9,405	18,808	3	292.07	5	799
Eighth six months.....	9,095	18,538	3	267.56	8	1,249
Ninth six months.....	9,024	18,285	3	252.47	7	1,042
Tenth six months.....	9,340	20,333	3	271.09	8	1,246
Eleventh six months ..	8,855	17,524	3	246.41	7	928
Twelfth to Feb. 6, '91..	9,210	19,977	3	263.35	7	1,244
Total (six years).....	*$7,724	†$184,675	*3	†$2,575.47	*9	†12,139

*Average. †Total.

Fenton Haigh, the president, frankly admits the early mistake of paying out all the earnings in dividends, but thinks it is rectified by adding $175 semi-annually to the permanent fund. "This fund is most essential, keeping the members together, as they can't withdraw it, and should be insisted upon at the start." Competent officers that the members can rely upon are also employed, with few changes in management. Non-members get no dividend, in order to encourage all to join, but if a family is too poor to join the dividend on their purchases is placed to their credit until it amounts to one share. "In this way many a poor family has got a few dollars ahead." Goods are sold at current retail prices; one merchant tried to run out the "coöp," but failed, and the "coöps" bought his stock at assignees' sales; the store has also bought out two other merchants. The place is a small one, with one woolen mill and a saw mill, the employes of which (German, English, Irish, Scotch, French and Hungarians), with some of the farmers, make up the membership. Stock-taking is done of an evening, with the help of several members. Running accounts are kept with

the farmers who bring in produce, and the day book and ledger is done away with except for the farmers' trade. There are two pass-books for each member, with the same number in each and a pigeonhole in the store of the corresponding number. Here one of the books is kept, the entry of sales being made on each, and the member keeps the other.

The Linn County, Kansas, Patrons Co-operative Association, according to Edward Blair, the manager, is very successful, the more so since it is located at Codmus,—a hamlet composed of the store, two blacksmith's shops and a church six miles from the railroad. Mr. Blair writes: "We began business in 1875, with about $50 capital. The stock has been increased until we have over $7,000 invested in goods and $2,500 in buildings. This business was begun upon a cash plan, but gradually drifted into the credit system. In 1886 we became convinced that the credit system would ruin us, and shut down to spot cash or no trade. It caused kicking, but we knew it was our only salvation. The year before we had sold about $10,000 worth of goods. In 1886 we sold $11,000, increasing sales about $1,000 each year until this year, in which our sales reach $17,000, all cash. We pay cash, and get the benefit of cash discounts. Our clerks are willing to work for less wages, as they are not obliged to "thrash" half the customers for kicking at being dunned.

"Our building has been increased in size until we have 3,840 feet of floor room. The capital stock is divided into shares of five dollars each. Only Patrons of Husbandry are eligible to membership. Interest at the rate of six per cent is paid upon the capital stock, which amount is first taken out of the profits of the year's business. About one-half the remainder is applied to a reserve fund; balance divided among members in proportion to their trade. We have a reserve fund of about $3,000. Coöperative stores usually fail if credit is given or a sinking fund is not provided."

The New Bedford (Mass.) Central Union is not coöperative but a partnership, like a similar store at Worcester, Mass. It was organized June 14, 1848, as the Workingmen's Protective Association, afterwards changed to the New England Protective Association, No. 55, and in 1861 adopted the present name. The membership is three hundred and fifty-two, but no new members have been taken in for fifteen years, during which earnings have been divided annually, amounting to from $5 to $13 per year per member. The original members paid $10 for their certificates, but since the association stopped taking members the shares have sold for $100 to $160, although the withdrawal value or what might be called the par value is only $30 a share. Members buy at a price about five per cent less than is charged outsiders, each member having but one share. The business is very successful, the sales for the year ended March 1, 1891, being $106,919, expenses (not including freight) $9,938, leaving profits for the year of $2,810, as reported by Benjamin F. Brownell, treasurer. Cash payments are insisted upon, but the constitution embraces the following important proviso:

"It shall be the settled policy of this association not to accumulate and hold in reserve any funds over the actual wants of the store for business purposes, and such accumulations as may be made from year to year beyond such actual wants, the directors shall distribute among the members in dividends pro rata, at or near the time of each annual meeting, or at shorter intervals if it shall seem to them expedient."

Clarke County, Washington, has three coöperative stores, all under grange auspices, there being thirteen subordinate granges in the county. The first was started in April, 1890, at Vancouver, capital $900, shares $5, held in small lots, the profits being divided among the customers by an issue of shares, the money to remain in the business. The next was at La Camas, $1,600 capital, mostly held by two or three men, profits being divided among them by an issue of stock to increase the capital. The one at Washougal started last, dividing net profits between customers and stockholders. They are all prosperous, having live, energetic, honest managers, and meet the approval of the community. "It was predicted that the La Camas coöperation would fail in a short time. But one of the prophets failed six months later, and the coöps were strong enough to buy the bankrupt stock for $6000."

The Davison (Mich.) Co-operative Association was incorporated in January, 1890; capital $5,000, shares $10, held by one hundred Patrons of Industry in blocks of ten to fifty shares; general merchandise and agricultural implements. Cash dealings, first year at fifteen per cent above cost, now twelve and one-half per cent. In eleven and one-half months, to January, '91, earned twenty-three cents on the dollar, paid ten per cent on capital, leaving three per cent in the business. "The business men's association tried to get wholesalers to boycott us at the start, but we found that money would buy goods, and they are all anxious to sell to us now."

At Kingston, Plymouth County, Mass., coöperation was inaugurated in the village of Silver Lake, under the auspices of the Sovereigns of Industry, June 14, 1875, and was incorporated May 21, 1877, under the name of the Coöperative Store Company. It was organized at the start on the Rochdale plan, and has been so conducted ever since. Beginning with $460 capital, this increased to $1,170 two years later, and at the end of 1890 the capital was $1,805, with twenty-six members. The sales from 1877 to 1890 inclusive amounted to $144,118, the average expenses being about $920 a year, and the profits $400 to $500. After providing for depreciation and contingent fund, the profits were first divided in dividends on trade, amounting to from five to seven per cent, besides which six per cent interest was paid on capital. The reserve fund accumulated amounts to $1,087, or more than half the capital stock. An abundance of competition has been met by furnishing pure goods at fair market prices and keeping down expenses. Prices have been the same to all, patrons keeping their accounts by trade checks, and dividends being paid on checks returned. When it is remembered that Silver Lake is a small village, it will be seen that coöperation is as well adapted to small as to large places. Henry B. Maglathlan, president and manager, writes: "We have always made a mistake when we have attempted to deviate from the Rochdale plan of spot cash transactions. A strong point of our success has been in securing a location on the platform of a railroad station, so as to avoid expenses of handling our goods, while at the same time being where the public can trade without coming for that purpose alone." The above statements were made under date of March 12, 1891. A copy of the semi-annual report for the six months ended April 1, 1890, was also forwarded, which we print in full as giving a further insight into the management of a small enterprise but a large success:

The "hive of bees," a symbol of industry, economy and equity, has been aptly chosen as the emblem of coöperation on the Rochdale plan. Upon this plan our store has continued to prosper, because its methods were more simple, just and economical than ordinary business. Notwithstanding the low prices of certain staple articles, with no team delivery or like device to influence trade, the sales of the store for the six months ending March 31, 1890, have amounted to $5,154.19. Compared with the corresponding six months of last year, this is a gain of $872.65. The trade for the last year exceeds that of two years ago by $1,379.42. The incidental expenses for the six months have been: Salesman's wages, $216; freights, $49.94; expresses, $28.65; agency expenses, $31.25; postage, $7.40 printing, $5; wrappers and twine, $12.50; ice, $4.20; coal, $13; miscellaneous, 90 cents; or in all, $368.84. Add for rent, $72, and for State tax, $26.50, and the total is $467.34. The net profits have been distributed: To interest on the capital stock, at the rate of six per cent per annum, $54; to dividend on trade checks, at five per cent, $46.32, and to contingent fund, $60. Let us remember, by saving from spendings, little by little, we can accumulate money, get capital, and so save without depriving ourselves of a single article we have the means of purchasing. This is the moral, social and salutary, of coöperation. The balance sheet shows for assets: Merchandise, $1,455; fixtures, $45; cash, 1,406; total assets, $2.906. Liabilities—capital stock, $1,800; contingent fund, $640; educational fund, $105; uncalled for dividends, $100; allowance for depreciation, $101; balance of profits, $160; total liabilities, $2,906.

What a Maine Grange has Done.—"Our grange at South Paris bought phosphate, sugar, grass seed and other supplies together, beginning in a small way until we would have at times $1,500 invested in goods. We got only what was sure to sell, never kept dry-goods and but a very small stock of boots and shoes. At first we kept open only half a day in the week, but afterwards two afternoons. Goods were sold at a slight advance on cost, as we did not care to make money but save it, and by so doing could hold our members and be a strong regulator on prices in the village. We have never been incorporated but have controlled the trade in the grange, taking account of stock, and the manager being under bonds."

Thus writes O. G. Curtis, the agent, who emphasizes the necessity of an honest business manager. He adds that in this simple form of coöperation he would not advise selling to non-members at the same price, nor try to keep prices secret, as the latter cannot be done. "The success in this farming town has been in keeping open store only a short time in the week, doing lots of business when it was open, and thus keeping down expenses and avoiding credits. Its management speaks for itself in that the loss by bad bills has been only $2.70 in a business of $40,000." What might have been done if the enterprise had been run on true coöperative lines, profits saved and the affair conducted on strict business principles!

A Similar Plan has been adopted by the Coöperative Trade Association of Norway, Me., which buys its goods in bulk through the grange agent, C. E. Knight, 209 Commercial street, Portland, Me., dividing the same as soon as delivered and paying for the goods within thirty days. "We only trust those who have good backers. We have practiced this system for twenty years and make quite a saving. We make no profit, simply pay a man for looking after the buying, and the Patrons get the rest." This is one of the simplest forms, which is better than nothing, but which might well be extended according to the sound lines outlined in the first four chapters in this book.

Good Work in a Small Way.—The same plan was adopted at the start by the Baskahegan Grange (Me.), then money was borrowed to build a hall, dining room and store, and lay in a small stock of goods. The profits of trade and the income from entertainments, grange dues, etc., in time paid for the store, at which full retail prices were charged. Mismanagement followed. Patrons got discouraged and offered to close out at fifty cents on the dollar. Finally new management was put in, farmers rallied, trade revived, profits increased, loans were paid up, and the profits exceeded the expenses so that at the settlement made May 1, 1890, the store had a balance of $2,359. Of this amount $432 was put into a cheese factory and the balance was invested in stock and trade, the association owing no man a dollar, besides owning its building, furniture, organ, scales, etc. In the year ended May 1, 1891, the cash sales were $6,600, besides considerable charged. "This is our weakest point." The society now has one hundred and twenty members, but sells alike to all and makes prices as low as possible instead of declaring dividends. The profits from non-members' trade about pay operating expenses, while the profits of members' trade is invested in the store. Thus non-members pay the profits out of their pockets and members pay the profits into their pockets. The agent, Albion Gates, is a practical farmer who runs a farm of one hundred and sixty acres. He says, "This store stands a fortress between producers and non-producers and prevents extortion by other merchants. Yet many do not appreciate its value, fail to trade here and thus help those who are not trying to help them."

The Bingham County (Idaho) Farmers' Union, was incorporated 1891, "to carry on exchange markets for farm produce, general merchandise, stock raising, building, manufacturing and banking." The secretary, J. McLachlan (Box 116, Idaho Falls, Ida.), is an old hand in coöperative distribution, having been librarian for years of the Manchester Equitable society at Manchester, England (which society is one of the oldest and most successful in Great Britain, having 12,000 members).

The Foxcroft (Me.) Co-operative Trading Company, H. G. Pratt, agent, was started in the '70's by members of the grange; incorporated in 1881, with $1,525 capital in five large shares, held by fifty or sixty members. The sales average $14,000 per year, expenses $1,200, and profits $700, which are divided in dividends on cash trade. The competition of regular stores has been met by offering good goods at fair prices. A large outside trade has greatly helped, while long credits have been the greatest mistake.

The Lewiston (Maine) Co-operative Society No. 1, incorporated 1887, as an outgrowth of the previous work of the Sovereigns of Industry (started in 1878), lives up to the Rochdale system of quarterly meetings, stock-takings and division of profits in dividends on purchases (above reserve fund and six per cent per annum on capital). The report for the quarter ended Dec. 20, 1890, congratulates the members, as "the profits of our business have been very good, and the amount of trade larger than ever before, and the goods in stock are fresh, clean and in salable condition." The financial statement warrants a dividend of eight per cent on purchases. The assets of $11,741 include land and buildings $7,575, fixed stock $655, members' indebt-

edness $1,292, cash on hand $432, groceries $1,131, meats $72, boots and shoes $535, due for rents $49. The total liabilities, $9,550, include bills payable $1,398, share capital $5,954, borrowed money $2,000, taxes and insurance $112, interest due $86. The difference makes a net surplus of $2,191, or an increase of $545 as the quarter's surplus. The members' trade for the quarter amounted to $6,279, non members' $744, total $7,023, of which the grocery sales were $4,968, meat sales $1,621, and boot and shoe sales $435. Six members withdrew and eight were added, making the total number one hundred and eight, against only eight when the store was started. The expenses of the quarter were $645—for wages $361, officials' salaries $21, auditing $5, stock-taking $3, interest on capital $116, repairs $13, freights $39, hay and grain $45, telephone rent $10, printing $5, water rent $8, ice $9, rent of barn $10. The expenses were thus only nine per cent on the business done. The first nine years the store was open only evenings, and the sales have increased from $1,500 to $30,000 per year. The introductory to the by-laws says:

"The principal object of this society is to place within the power of the working classes the means to control their own labor, thereby removing the cause of that antagonism between capital and labor which so often proves injurious to our industrial interest. As a basis or foundation for the future operations of this industrial society, we have opened a grocery store. . . . We wish it distinctly understood by traders and business men that it is not our intention to run down prices by excessive competition, as that would be a violation of one of the essential principles of the coöperative system, because, if excessive competition, by depreciating the price of labor products, is right in theory, on the same principle it would be perfectly right to depreciate labor's wages.

"We take our stand in the market with the intention of doing business in competition with others, on fair and honorable terms, and shall sell at the current rate; but if any dealers undertake to run us in prices, they must not find fault if unpleasant consequences should result from their coming in competition with a powerful combination of workingmen."

Joseph Crosly, the secretary, writes: "Thirty days' credit is given only to the amount of four-fifths of the share capital held, and not even as much credit as this is allowed to members who are large holders of stock. We may have made many mistakes, but on the whole are well satisfied. Our strong point has been no bad debts, no shop-worn goods, freshness and cleanliness about the premises. We have had much competition and met it by selling goods of the best quality for small profits, turning over many times each year our working capital."

The Lebanon (Ct.) Grange organized the Grange Hall Company about 1886, and erected a large building with a fine hall above and a store below. Goods were sold to all at the same price, but the credit system was allowed, difficulty was found in getting a man who would carry on the trade on business principles, goods were sold cheaper than they could be afforded (for the sake of trade), and many members cared nothing for it except to make money out of it. The sales the first year amounted to $12,000, and $15,000 the second year, at the end of which the store was sold out. The grange is now thrifty, with money in its treasury, and purchases flour, grain, feed and fertilizers in car-load lots, making quite a saving.

The Farmers' Union Store, of San Jose, California, was organized by the Patrons of Husbandry in 1873, capital $150,000, shares $100

each, all owned by the managers. On a lot 240 by 250 feet a fine store was put up and stocked with everything wanted on the farm and in the home except dry and fancy goods. Cash payments, and the same price to all, but at lower prices than others sold for, enabled the store to do a large business, paying eight per cent dividends on capital each January and four per cent more each July, or twelve per cent annually, besides accumulating a reserve of $18,400 and surplus of $25,000. It is therefore a joint-stock company rather than a coöperative society, after the style of the Civil Service stores of London. One large store 150 by 60 feet is used for groceries, hardware, stoves and tin ware and crockery. Another room 160 by 50 feet is full of wagons, carriages, harness, farm implements and machinery. Still another room 24 by 30 feet is the paint and oil department. Then the mill and feed room is about 60 by 30 feet; two mills run by an engine grind feed for the farms. A big cellar is stored full of various heavy products, and the upper stories are used for storage. A large stable and yard in the rear furnish ample accommodation for the country horses as they daily come to town. "All in all, it is a wonderful success, but the secret of it has been that the farmers put up their money to start with. Cash has been the basis of it all. There has been good business management, and above all the Patrons have stuck by one another. They would not be led off by other dealers who for a time offered goods at lower prices." The sales the first year were about $200,000, one-half spot cash, the balance credit in thirty days. The sales have gradually increased until now they are between $400,000 and $500,000 annually. The cash sales exceed the credit sales by from $50,000 to $60,000. The real estate of the corporation is valued at $175,000, clear of all incumbrances. The number of employes is thirty and the number of stockholders one hundred and fifteen. Twelve horses are used in city delivery. W. C. Andrews, the efficient manager, writes:

"Our business is conducted by business men on business principles. Goods are bought and sold on the market. We buy for cash in the best markets, and allow no one to undersell us, quality considered. We keep nothing but the best goods and avoid all job lots of trash. The institution has a good name for square dealing. The principal reason for our success where so many others have failed is that we were more conservative and, moreover, had the capital. We had the cash in hand with which to carry on the business and did not overreach as many do. I advise every coöperative association to have its money in hand before commencing and avoid long credits."

The Farmers' Milling and Elevator Company, of Monte Vista, Rio Grande County, was incorporated in 1890, with $45,000 capital, in 1,800 shares of $25, of which 177 farmers subscribed for 1,280 shares. Only 80 of these shares were paid for, amounting to $2,000. The other 1,200 shares, amounting to $30,000, were paid for with three annual notes of each subscriber, payable Jan. 1, 1891, '92, and '93, with ten per cent interest. The company gave $30,000 for the property, of which $7,000 was a first mortgage, the other $23,000 being paid by three notes of the corporation due March 1, 1891, '92 and '93. Money was borrowed heavily to make improvements and to pay for wheat, as farmers would not wait until the sales of flour furnished the money to pay for their wheat. The high price of wheat this spring is helping the mill out of its troubles, but if it weathers its trials it will be fortunate.

A private mill, bought on credit, improved with borrowed money, and that paid for its wheat with more borrowed money, could survive only by the best management and fortunate turn of the market. No coöperative society can hope or expect to succeed by thus violating every principle of true coöperation. A correspondent at Monte Vista wisely adds:

"I protest against the unfairness of compelling stockholders who are able and willing to hold their grain on their own account of assuming the responsibility and paying interest on large sums of borrowed money wholly to assist those stockholders whose needs may require cash in hand. To most farmers to realize at once on their grain and still hold for reasonable price in the future, if they so desire, a warehouse under reliable management in which to deposit the grain and with the warehouse receipt obtain such cash advances as may meet necessities seems to be a sensible way of meeting demands of those who cannot wait for slow sales of products."

The F. M. B. A. Mercantile Company, of Brazil, Ind., W. T. Shanks, manager, was incorporated as a stock company with coöperative instincts, March 31, 1891, began business May 1 with $25,000 capital in $5 shares, $2,500 paid in. Shares are not transferable, but the investment of each accumulates for his benefit, though no one can hold over ten shares or have in more than $1,000 of undrawn dividends. "All goods shall be bought and sold for cash, and semi-annual statements shall be published. Each share of stock is entitled to one vote, but the net profits (after setting aside five per cent for reserve and a like sum for the contingent fund) shall be divided in dividends to stockholders, but in such division the purchase checks of stockholders shall bear the same rate of dividend as the capital stock; thus patrons can get no rebate or dividend on purchases unless they are stockholders. Six per cent interest is allowed upon undrawn dividends, and members can withdraw at the rate of five dollars per month. Membership is open to all whose application is approved by the directors.

Eau Claire, Wisconsin, boasts of the Coöperative Mercantile Association, incorporated Dec. 17, 1887, with $1,000 capital. The past two years, with an average capital of $1,700, made $3,800 in profits, which one hundred and twelve per cent per annum on the average capital employed, or an average saving of ten per cent on the goods consumed. H. Selover, the secretary, is a faithful worker for the true coöperative system. The report for the quarter ended Aug. 31, 1890, shows capital stock to the amount of $1,995, fees $4, reserve fund $424, educational fund $22, interest $58, dividend $277; expense account $157, treasurer's account $15, labor account $523, merchandise $1,021, fixed stock and furniture $696, cash $357, total $2,780. The receipts during the quarter were: for merchandise sold $6,021, shares sold $105, fees collected $2, cash on hand $292, total $6,420. The disbursements during the quarter were: for expenses $157, labor $524, merchandise $4,859, interest $31, dividend $408, fixed stock $74, cash on hand $368, total $6,420. The net gain for the quarter is $501,36, disposed of as follows: two per cent to educational fund, $10; five per cent per annum interest on the capital stock, $25; ten per cent per annum for depreciation on fixed stock, $17.40; seven per cent dividend on sales, $425.50; unexpended balance $27.44. Secretary Selover adds:

"We made a mistake in not putting in our by-laws an ironclad rule that no profits or dividends should be paid or withdrawn [but they must be declared and placed to members' credit to encourage them]

from the business till the association had accumulated enough capital to carry a line of all the kinds of goods its members needed. All coöperative associations should adopt this rule and use all gain in trade to build up and enlarge the business. In paying out our profits in dividends to customers, we lost the golden opportunity to build up our business, and have made ourselves much poorer by our foolishness."

In Cowley County, Kansas, the South Bend Coöperative Association of the Order of Patrons of Husbandry organized Aug. 16, 1879, and now located at Constant, has non-transferable shares of $5 each. It started with $180 capital, which, at the end of the tenth year, had increased to $5,739, of which only $1,080 had been paid in in cash. The trade was small the first two years, but the sixth year amounted to $5,287, the tenth year to $8,678, and this year (1891—the eleventh) will reach nearly $12,000. The members have not materially increased, being forty-four against thirty-five at the start, and expenses have averaged $475 a year. Cash payments are insisted upon. Mistakes were made by paying too much of the profits back to the shareholders, allowing salesmen too much liberty in the management, failing to enforce the directors' orders, and failure to keep a strict account during the early years. The success has been due to doing business within the limits of capital, all trade being done on a cash basis as nearly as possible, treating all customers alike and paying them a rebate according to the amount of purchases made.

Books are kept on the single entry system, two efficient employes carrying on the business. Quarterly invoices and settlements were made the first five years; since then they have been semi-annual. The auditor's statement for the six months ended March 31, 1891, show cash on hand of $276, merchandise, $3,522, fixtures $224, buildings $704, real estate $100, accounts receivable $903, total $5,729. The liabilities include 341 shares, $1,735; fractional shares $24, bills payable $266, total $2,024. The resources over liabilities are thus $3,705, of which $536 is the net gain for the six months. The profits are divided, giving fifty per cent to all customers alike under the ticket system, twenty per cent to the employes pro rata as dividend on their wages, and thirty per cent to reserve fund in lieu of interest to shareholders. R. W. Anderson, the secretary, writes:

"This arrangement brings the just principles of profit-sharing to all who come in contact with the business. The first is the essence of coöperation, the second is a measure of justice and progress, and the third is a reform with points of advantage,—capital is not placed above labor and the other elements which earn the profits. A fixed charge, as interest, becomes at times a menace to other interests equally entitled to protection. No element should be entitled to profits until after the same are realized. A store paying fixed interest on capital is not far different from a party doing business on borrowed capital. The chief drawbacks to coöperation in a farming community like this is the moving propensities of people, not one-fifth of the charter members being with us now. There is also an indifference to small savings and an impatience with small beginnings."

Co-operation Among Florists.—A practical scheme is the organization of florists in different cities whereby orders taken in one city for flowers or arrangements to be delivered in other cities were filled on telegraphic order by the member of the association doing business there. For instance, if Mrs. Jones, in Chicago, wanted to send some flowers to Mrs. Jones, in New York, she could leave her order with the Chicago member of the association, he telegraphs the order to the

New York member, and delivery is at once made. The New York member charges the same to the Chicago member, less a commission, and the latter, of course, collects from the customer. This association, the idea of which originated with Mr. C. B. Whitnall, of Milwaukee, now has members in nearly all of the large cities, and a new feature has recently been added in the form of a letter of credit, which members may issue to customers who are going to travel. This is an order on any of the members of the association, good for a stated length of time, anything delivered on account of it to be charged to the one issuing it, he to collect for same, and receive a commission on the sales. By this means it is expected to secure to the association the trade of the customers of each one while away from home.

The Farmers' Co-operative Union, of Butte County, Cal., was incorporated April 28, 1884, with $25,000 authorized capital. The cost of the buildings, land, etc., was $23,000. To meet this, $10,000 was paid in on capital and $10,000 borrowed at ten per cent for two years and then for eight and one-half per cent until the mortgage was canceled in July, 1890. The corporation is now out of debt and has paid $1,750 in dividends. The original stockholders numbered about fifty, mostly farmers. During the second year many farmers sold their stock on account of an unfounded rumor that some capitalist was getting a controlling interest and would freeze out the small shareholders. The present number of shareholders is fourteen, half of whom are farmers. The Union has done a warehouse storage business only, making loans on the grain in its warehouse, getting the money for the purpose from the Grangers' bank. C. M. Brown, of Riggs, is the superintendent and secretary.

The Riverside Co-operative Association was incorporated Nov. 12, 1878, having been organized two years earlier with thirty-six members and $105 capital, as an outgrowth of the local council of the Sovereigns of Industry at Maynard, Mass. The membership has increased to 370, profits being paid in dividends on purchases after setting aside one-tenth for the redemption fund. The number of $5 shares held by one member is limited to fifty, and the profits on non-shareholders' purchases are retained until they amount to a share. Some credit is allowed to members that have an interest in the store, but the amount trusted does not exceed $1,000.

One mistake was made in putting up a big building at a cost of $15,000, containing a public hall and dining-room, and stores underneath to let, besides accommodations for the coöp store, which does not pay as an investment. Another mistake was in selling goods at cost at the start, which caused other stores to drop accordingly. "After our building was up and our business increased, our expenses consequently increased, and we had to crawl up in prices, and this left us but little room for dividends. Big dividends always build up a big business, but can only be paid by selling goods at the usual retail prices.

"It will be noted from the following statement of progress that the sales increased $17,000 in 1883 over the previous year, owing to our taking on a meat business which we didn't understand. So we dropped it, and consequently our sales fell off again, and still further in 1885, caused by poor management and distrust of the same, which falling off was repeated in 1889 for the same reasons. So you see how neces-

sary it is to have a good manager to cater to the public taste," writes Michael Toomey, the treasurer. His statement follows:

Year.	*Sales.*	*Capital.*	*Expenses.*		*Net Earnings.*
			Total.	*%*	
1878	$10,574	$1,500	$462	4.3	$392
1879	21,111	1,500	1,802	8.5	492
1880	21,131	1,500	1,879	8.9	563
1881	24,176	1,500	1,873	7.8	808
1882	33,973	8,845	2,687	7.9	1,544
1883	50,760	20,453	4,551	8.9	2,995
1884	38,675	20,094	3,679	9.6	2,554
1885	31,671	18,920	3,143	9.9	2,137
1886	44,188	22,360	4,235	9.6	2,755
1887	57,569	23,803	5,156	8.9	5,288
1888	63,827	25,733	6,101	9.6	4,961
1889	53,816	25,631	6,221	11.5	3,804
1890	54,187	25,015	6,297	11.6	3,765
Thirteen years	Tot. $595,658 Av. $45,819	..... Av. $15,088	Tot. $48,086 Av. $3,699	..... Av. 9.1	Tot. $32,058 Av. $2,462

To the Stockholders and Members: The twenty-fifth semi-annual report of the Riverside Association is for the six months ended June 30, 1891. We have reduced the values of the building and fixed stock by $225, besides putting $64 to the redemption fund, making $289 which is to the benefit of the stockholders, and consequently have declared only two per cent dividend on purchases. We would urge the members to leave their dividends standing to their credit, as it is the only means of saving something for a future exigency. It would also help to build up a better business in the store, as the amount of goods we carry in stock now leaves but a small amount of working capital, and we cannot take the advantage of the markets that we otherwise could. You will see by comparing the present report with former ones that the liability of the Corporation to its members is less than it has been for years, and yet there has been a greater amount of business done with the money invested. There is another item that we would like to call your attention to: Why do you ask for credit in your own store? The principle of coöperation is "pay as you go," and if such was adhered to, it would help to simplify business very much. There is no reason why you cannot pay cash on delivery, when pay day comes once a week. The treasurer's report for this half year follows:

CASH ACCOUNT.

RECEIPTS.			DISBURSEMENTS.		
Jan. 1st, Cash on hand....		$820 41	Jan. 1st, Bills payable....		$811 41
Sales, gro. dep't.	$25,216 83		Purchases, grocery departm't	$19,521 35	
" dry goods "	4,786 63		Purchases, dry goods dep't....	4,270 60	
		$30,003 46			$23,791 95
Store rents.....	$159 48		Wages	2,066 70	
Hall rents.....	228 60		Freight and Exp.	346 43	
		388 08	Repairs	89 90	
Insurance rebate	16 25		Incidental exp'n	154 58	
231 shares.....		1,155 00			2,657 61
Members' loan,,,		995 66	Horse expense...		144 96
			Gasolene		112 22
			Bags, fixt'rs, fuel		192 70
			Insurance		223 75
			Int. and divid'd		1,247 84
			Shares and loans		2,186 58
			Cash balance		2,009 84
		$33,378 86			$33,378 86

PROFIT AND LOSS.

Sundry Expenses		$3,290 16	Gross profits.....	$4,611 45
Interest.....		661 71		
Depreciation.....		225 00		
Add to Redemption fund.....	64 58			
Two % dividend on $18,500.....	370 00	434 58		
		$4,611 45		$4,611 45

LEDGER BALANCES.

ASSETS.			LIABILITIES.		
Real estate.....	$13,662 38		2,558 shares.....	$12,790 00	
Fixed stock.....	1,432 98	$15,095 36	Members' loan..	5,798 69	$18,588 69
Merchandise, grocery dept..	5,878 38		Note.....		6,000 00
Merchandise, Dry goods "	6,578 00	—12,456 38	Int. and divid'd		866 71
Supplies		80 63	Redempt'n fund		2,942 23
Cash.....		2,009 84	Bills payable....		1,244 58
		$29,642 21			$29,642 21

The Farmers' Alliance Exchanges.—Some of these are organized on a permanent basis, while others are very temporary affairs, or simply engagements for bulking the orders of the members of the alliance who choose to patronize the exchange. The following is a nearly complete list of these alliance exchanges or alliance State business agents, on Sept. 15, 1891:

The Dakota Farmers' Alliance Company (R. B. Bentley, secretary), Huron, S. D.; J. W. Dollison, Rector, Clay County, Ark., State business agent; D. M. Fulwilor, 155 Lake street, Chicago, Ill.; G. A. Gowan, Nashville, Tenn.; Bexter & Ceylon, Jacksonville, Fla.; W. A. Broughton, 25 West Hunter street, Atlanta, Ga.; A. E. Sprague, Reynoldsburg, O.; M. L. Donaldson, Greenville, S. C.; Charles M. Rider, Sardinia, N. Y.; Maj. A. R. Venable, Jr., Box 337, Richmond, Va.; W. H. Worth, Raleigh, N. C.; George H. Johnson, Romney, W. Va.; J. H. Brammeier, Alamosa, Colo.; T. N. Clayton, New Orleans, La.; The California F. A. & I. U. Agency, 12-14 Front street, San Francisco, Cal. (J. M. Moore, agent); Farmers' Alliance Exchange, of Kentucky (W. W. Holland), 336 West Main street, Louisville, Ky.; The Wisconsin Alliance Purchasing Agency, P. F. Newell, treasurer, Star Prairie, Wis.; E. R. Duvall, Mulhall, Logan County, Okla T.; B. G. West, 224 Fruit street, Memphis, Tenn.; H. C. Demming, Harrisburg, Pa.

Co-operative Fire Insurance.

[See also pages 159-177, 305-310.]

HELPFUL HINTS.

Pratt's system of classification of risks includes a full line of blanks and instructions, also registry books for policies, etc., indispensable to all who would start or operate a coöperative insurance company; George L. Pratt, Ridgeway, N. Y. An excellent index to policy registers is made by Brown, Smith & Co. of Kansas City, Mo.

The reports State Central Organization of Coöperative Insurance Companies of New York, obtainable from the secretary, C. W. Gifford of Jamestown, N. Y., will be very valuable. Also the special reports on farm mutuals and the model laws governing the same published by the State Insurance Department, Lansing, Mich., price 25c.

NAMES AND ADDRESSES OF MUTUAL FIRE INSURANCE COMPANIES.

MAINE:—Harrison Mutual of Harrison; Dresden Mutual of Dresden; Warren Mutual of Warren; Cumberland Mutual of Cumberland; Woolwich Mutual of Woolwich; Harpswell Mutual of Harpswell; Patrons' Androscoggin Mutual of East Auburn; Jay Mutual of Jay; Piscataquis Mutual of Dover; Oxford County Patrons of Husbandry Mutual of South Paris; Fayette Mutual of Fayette; North Yarmouth Mutual of North Yarmouth.

NEW JERSEY:—American Mutual of Plainfield; Bergen Co. Farmers' Mutual of Spring Valley; Bound Brook Mutual of Bound Brook; Burlington County of Medford; Cumberland Mutual of Bridgeton; Elizabeth Mutual of Elizabeth; Essex County Mutual of Bloomfield; Farmers' Mutual of Readington; Farmers' Mutual of Salem; Hackettstown Mutual of Hackettstown; Hillsboro Mutual of Neshanic; Mercer County Mutual of Pennington; Monmouth County Mutual of Freehold; Morris County Mutual of Morristown; Patrons' Mutual of Hamilton Square; Salem County Mutual of Salem; Sussex County Mutual of Newton.

OHIO:—Allen County Mutual Relief of Lima; Ashland County Patrons' Mutual of Ashland; Brady Township of West Unity; Brown Township of Malvern; Clarke County Farmers' Mutual Protection and Aid of Springfield; Crawford County Farmers' Mutual of Bucyrus; Edinburg Farmers' Mutual Protection of Edinburg; Erie County Farmers' Mutual of Sandusky; Farmers' Home Mutual of New Knoxville; Farmers' Mutual Relief of Wyandot County, Upper Sandusky; Farmers' Mutual of Dayton; Farmers' Mutual of Farmer Post-Office; Farmers' Mutual Home of Medina; Farmers' Mutual Aid of Leslie; Farmers' Mutual Relief of Fremont; Farmers' Mutual of New Berlin; Farmers' Mutual Fire and Lightning of Whittlesey; Farmers' Mutual of Thompson; Fulton County Farmers' Mutual and Aid of Wauseon; Miami Farmers' of Troy; Minster Mutual of Minster.

MICHIGAN:—Farmers' Mutual Fire Insurance Co. of Allegan and Ottawa Counties, Allegan; Farmers' Mutual of Barry and Eaton

Counties, Hastings; Farmers' Mutual of Kalkaska, Missaukee and Wexford Counties, South Boardman; Farmers' Mutual of Lenawee County, Adrian; Citizens' Mutual of Calhoun County, Marshall; Concordia Mutual, Frankenlust; Eastern Jackson Farmers' Mutual, Grass Lake; Farmers' Mutual of Berrien and Cass Counties, Buchanan; Farmers' Mutual of Branch County, Coldwater; Farmers' Mutual of Calhoun County, Marengo; Farmers' Mutual of Cass County, Dowagiac; Farmers' Mutual of Clinton County, St. Johns; Farmers' Mutual of Grand Traverse, Antrim and Leelanaw Counties, Traverse City; Farmers' Mutual of Ingraham County, Mason; Farmers' Mutual of Ionia County, Ionia;

PENNSYLVANIA:—Cool Spring Valley Mutual of Cool Spring, Mercer Co; Farmers' Mutual of Tuscarora, Schuylkill Co; Dauphin County Mutual of Linglestown; Goschenhoppen Mutual of Pennsburg, Montgomery Co; Farmers' Mutual of Lancaster; Cumberland Valley Farmers' Mutual of Middle Spring; Farmers' Mutual, Harbor Creek, Erie Co; Farmers' Union Mutual of Trexlertown, Lehigh Co; Centennial Mutual of Shippensburg, Cumberland Co; Mt. Joy Township Mutual of Elizabethtown, Lancaster Co; Buffalo Valley Farmers' Mutual of Lewisburg, Union Co; Farmers' and Mechanics Mutual of Elliottsburg, Perry Co; Danville Mutual of Danville, Montour Co; Farmers' Mutual of York; Farmers' Mutual of Kremis, Mercer Co; Patrons' Mutual of Indiana, Indiana Co; Farmers' Mutual of McCandless Township, Perrysville, Allegheny Co.

NEW YORK:—New Scotland Mutual Insurance Co. of New Salem; Farmers' Coöperative Insurance Co. of Angelica; Broome County P. F. R. A. of Binghamton; Canaan Mutual F. I. Co. of Canaan Center; Chautauqua County P. F. R. A. of Jamestown; Coöperative Farmers' F. R. A. of Randolph; Farmers' Reliance of Chemung, Schuyler and Yates Counties, Penn Yan; Courtland County P. F. R. A. Hunt's Corners; Venice Town Insurance Co. of Genoa; Farmers' Mutual of Rhinebeck County, Rhinebeck; Delhi Insurance Co. of Delhi; Erie and Niagara Farmers' Insurance Association of Sworrnville; Jefferson County Mutual F. I. Co. of Watertown; Livingston County Mutual F. I. Co. of Scottsburg; Farmers' Fire Insurance Co. of Danube Minden.

IOWA:—Boone Valley Mutual of Webster City; Brown Township Mutual, Springville; Chickasaw County Farmers' Mutual of New Hampton; De Moines County Farmers' Mutual of Burlington; Farmers' Mutual of Dundee; Farmers' Mutual of Chariton; Farmers' Mutual Aid of Garwin; Farmers' Mutual of Kalo; Farmers' Mutual of Sweetland; Farmers' Mutual Aid Association of Preston; German Mutual of Denver; Norwegian Mutual Protection Association of Decorah; Prairie Farmers' Mutual of Coal Creek; Scandinavian Mutual of Pilot Mound; Swede Mutual of Madrid; Swedish Mutual of Des Moines; Walcott Mutual of Walcott; Western Cherokee Mutual of Marcus; White Pigeon of Wilton; Iowa Mutual Tornado, Cyclone and Wind of West Union; Merchants' and Manufacturers' of Clinton.

WISCONSIN:—Alden and Black Brook Mutual Fire of Little Falls; Albion Mutual Fire of Edgerton; Brighton Mutual Fire Insurance Co. of Salem; Bohemian Mutual Farmers' of Keilnersville; Berlin F. M. F. and Lightning of Berlin; Burnett Mutual Insurance Co. of Beaver Dam; Bloomfield Insurance Co. of West Bloomfield; Columbus Mutual Fire Insurance Co. of Fall River; Concord Fire Insurance Co. of Concord;

Calumet Mutual Fire of New Holstein; Dupont F. M. Insurance Co. of Marion; Ettrick Scan. Insurance Co. of Ettrick; Farmers' Mutual Insurance Co. of Durand; Farmers' Mutual Insurance Co. of Millard; Fond du Lac Empire and Friendship of Fond du Lac; Farmers' Mutual Fire Insurance Co. of Monroe; Farmers' Mutual Fire Insurance Co. of Waterford; Farmers' Mutual Fire Insurance Co. of Tomah; Henrietta Greenwood Union of Yuba; Hustisford Farmers' Mutual Fire Insurance Co. of Hustisford.

ILLINOIS:—Algonquin Mutual F. I. Co. of Algonquin; Millburn Insurance Co. of Millburn; Mutual Township Insurance Co., Shumway, Monmouth Farmers' I. N. S. Co. of Monmouth; Belleville Farmers' Mutual F. I. Co. of Belleville; Farmers' Mutual Insurance Co. of Guilford; Allen and Otter Creek Mutual Insurance Co. of Sunrise; Farmers' Mutual Fire of Palmyra, Dixon; German Mutual Fire, 45 Eugenie St., Chicago; Clinton Mutual of Clinton; Delavan Mutual of Delavan; Peoria County Grange of Alta; Appanoose and Sonora of Nauvoo; Belle Prairie Farmers' of Fairbury; Buffalo Mutual of Polo; Ellington Farmers' of Quincy; Hanover and Wayne of Elgin; La Prairie of Camp Grove; Mount Pleasant of Morrison.

MINNESOTA:—Farmers' Mutual of New Sweden, Norseland; Otisco Farmers' Mutual Insurance Co. of Otisco; Farmers' Mutual of Harmony, Harmony; Patrons' Coöperative F. I. Co. of Anoka, Ramsey, and Hennepin Counties, Richfield; Shelby Farmers' Mutual of Amboy; St. Joseph Mutual of the Towns of St. Joseph, St. Cloud, Le Sauk and St. Wendel, St. Joseph; Town of Sumter Fire Insurance Association, of Biscay; Wilmington Fire Insurance Co. of Wilmington; Holden and Wheeling Mutual Fire Insurance Co. of Nerstrand; Rochester Farmers' Mutual Co. of Rochester; Austin Farmers' Fire and Storm Mutual of Dexter; Beaver Creek Mutual of Beaver Creek; Austin Farmers' Mutual of Austin; Sumter Mutual of Sumter; Wilmington Mutual of Spring Grove.

MISCELLANEOUS:—The Husbandmen's Insurance Co. of Hardwick Vt. The Mass. Patrons' Mutual of Medfield, Mass. Texas Mutual P. of H. of Galveston, Texas. Farmers' Union of Plumb Creek, Neb. Arkansas Valley of Wichita, Kan. Mennonite Mutual of Halstead, Kan., while although incorporated in 1880 is a direct offspring of the Tiegenhoff Fire Insurance Association of Prussia—over 200 years old; and we especially commend the experience of this thrifty Mennonite Company to beginners. Patrons' Mutual of Meriden, Ct; Farmers' Mutual of South Bend, Ind; P. of H. Mutual Insurance Co. of Greensburg, Ind. Lower Columbia Fire Relief Association of Washougal, Washington.

LIVE STOCK INSURANCE COMPANIES.

The Central Nebraska Live Stock Insurance Co., Kearney, Neb. American Horse Owners' Protective Association, Toledo, O. Cleveland Mutual Live Stock Association, Cleveland, O. Berks County Live Stock, Reading, Pa. Dauphin County Live Stock, Millersburgh Pa. Farmers' and Breeders' Live Stock, Butler, Pa. Farmers' Live Stock, Jackson Center, Pa. Globe Live Stock Springtown, Pa. Harrisburgh Live Stock, Harrisburgh, Pa. Jefferson County Live Stock, Reynoldsville, Pa, Lancaster County Live Stock, Columbia, Pa. National Live

Stock, Mount Union, Pa. Pennsburg Horse, Pennsburg, Pa. People's Live Stock, Philadelphia, Pa. Trumbauersville Horse, Trumbauersville, Pa. Tylersport Live Stock, Tylersport, Pa. Union County Live Stock, Mifflinburg, Pa.

Co-operative Dairying.

[See also Pages 143-158.]

Co-operative Creameries.

By addressing the "Coöperative Creamery Association" at each of the postoffices named below, the reader will be put into communication with many successful efforts of this kind:

MASSACHUSETTS;—Amherst, North Brookfield, Northfield, Ipswich, South Egremont, Hinsdale, Phillipston, Rutland, Shelburne Falls, Conway, West Dudley, Ashby, Northampton, West Millbury, Cummington, New Boston, Wellesley Hills, Easthampton, Monterey, Wilbraham, Granby, Bridgewater, Belchertown, Ashfield, Uxbridge, Lee, Millbury.

CONNECTICUT:—Wapping, Canton Center, Simsbury, East Granby, Lanesville, Northville, Plainville, Pomfret Landing, Wethersfield, West Hartford, Lebanon, Avon, Ellington, West Goshen, Merrow, Windsor, Glastonbury, Colchester, Chapinville, Andover, Wallingford, Cromwell, Newton, Cheshire, Eastford, Brooklyn, Somers, Banksville, Southington, Suffield, New Canaan, Putnam, Rockville, Goodspeed's Landing, Jewett City, Woodstock, Warehouse Point, Ridgefield, East Hampton, Cornwall, Monroe, North Stonington, Riverton, Black Hall, Berlin, Granby, Green's Farms, Farmington.

VERMONT:—Sudbury, West Brattleboro, Jacksonville, Wilmington, Felchville, Westminster, Springfield, Glover, Barton Landing, Bennington, Woodstock, Sharon.

MAINE:—Sebattus, Winthrop, Turner Center, Skowhegan, Foxcroft, West Paris, Acton, Button's Mills, Buckfield, Fayette, Springvale, Clinton, Rockland, Rumford, Poland, Garland, East Lebanon, Bangor.

NEW HAMPSHIRE:—Franklin, Peterboro, Goshen, Henniker, East Washington, Durham, Keene, Grantham, Littleton, New Boston, Claremont, Freedom, Wolfboro Junction, Cornish, East Haverhill, Haverhill, North Haverhill, Lebanon, Wakefield, Lyme, Piermont, Sandwich, West Canaan, West Lebanon.

NEW YORK:—Friendship, Moreland, Coldwater Creamery at Kennedy, Davenport, Valley Creamery at Smith's Basin, Poughkeepsie, Glens Falls, Chatham, Putnam, Salt Point, Schuylerville, Shushan, Hopewell Junction, Windham, Watkins, Cazenovia, Eagle Mills, Upper Red Hook, Smyrna.

RHODE ISLAND:—Hope Valley, Wakefield, Moosup Valley, South Foster, Newport.

PENNSYLVANIA:—Austinville, Lemont, Leraysville, Troy, Spring Mills, Cooperstown, Lower Windsor, Mercersburg, Meyersdale, Huntingdon, South Gibson, Newfoundland, Somerset, Bodines Station, Williamson,

Solebury (Albert Preston, Sec.), Buckingham (T. Howard Atkinson, Sec.) Buckmanville (J. D. Williams, Sec.)

IOWA:—State Center, West Union, Republic, Columbia City, Farley.

WISCONSIN:—Berlin, Somers, Trempeleau, West Salem, Jonesville, Sumpter of Prairie du Sac, Sauk City, Merrimack, Crystal Lake of Lodi.

NEBRASKA:—Lyons.

MICHIGAN:—The only coöperative creamery in this State is at Flint, S. J. Wilson, Manager.

MINNESOTA:—Oslo, Wall Lake, Round Lake, Arcade Creamery Association at St. Cloud.

MISSOURI:—Martinsburg, Dawn.

OHIO:—Sharion, Bellevue, Leetonia, West Salem, Galion, Lexington, (W. W. Cockley, Manager.)

ILLINOIS:—Naperville, Dakota, Hooppole, Aurora, Sparta.

CHEESE FACTORIES.

MAINE:—Nickerson cheese factory at Houlton; Winthrop creamery at Winthrop; R. D. Leavitt, North Turner; Saugerville cheese factory, Saugerville; B. Turner, Leeds.

VERMONT:—Castleton cheese co. of Castleton; Egal cheese factory of Cavendish; Chester cheese co. of North Chester; R. R. Earle of Chester; N. M. Powers of Clarendon; W. W. Jenks of North Clarendon; Grafton Cheese Co. of Grafton; Valley cheese factory of Hinesburg; George W. Curtis of Ira; Manchester cheese factory association of Manchester Center; Henry Lord of Mount Holly; A. W. Crawley of Mount Holly; William Hoskinson of Mount Holly; M. Tarbell of Mount Holly; Frank Blakeley of Pawlet; William Leach of Pawlet; Carl Marks of Pawlet; East Poultney cheese factory co. of East Poultney; C. Hadwin of Rockingham; R. O. Hadwin of Rockingham; Billings cheese factory of Rutland; Greene cheese factory of Rutland; H. C. Gleason of Shrewsbury; L. A. Russell of Shrewsbury; Gleason & Wilcox of Shrewsbury; Bates cheese factory of Cuttingsville; W. E. Aldrich of Cuttingsville; Smith Town cheese factory of West Rutland.

NEW YORK:—Old Manheim cheese factory of Little Falls; Fairfield dairy association of Little Falls; Eatonville cheese factory of Little Falls; Manheim Turnpike association of Little Falls; Snellsbush factory of Little Falls; Burt Grove factory of Little Falls; Danube Cold Spring factory of Little Falls; Cross Roads cheese factory of Johnstown; South Columbia factory of South Columbia; East Creek factory of East Creek; Flat Creek factory of Sprakers; Fort Willett cheese factory of St. Johnsville; Ives & Eaton factory of Salisbury; Johnstown cheese factory of Johnstown; State Hill factory of Ephratah; St. Johnsville factory of St. Johnsville; Spraker's cheese factory of Sprakers; Snellsbush cheese factory of East Creek; Smith Creek factory of Fort Plain; Fairfield Dairy Central factory of Middleville.

OHIO:—The Lexington Butter and Cheese Manufacturing Co. of Lexington.

MICHIGAN:—Ann Arbor cheese factory of Ann Arbor; Clayton cheese and butter company of Clayton; Birch Run cheese company of Birch Run; Dowington cheese company of Dowington; Juddville butter and cheese company of Juddville; Lynn cheese manufacturing company of Lynn; Cheese and butter association of Rawsonville; Richville

cheese company of Richville; Oneida cheese company of River Bend, East Huron cheese company of Sand Beach.

MISSOURI:—Coöperative butter and cheese association of Lamonte, New Haven, (J. M. Davis, Manager); Shell City, Bolivar, Prairie City, (S. W. Sunderworth, Manager); Carthage, Tarkio, (J. H. Laughlin, Manager); Verona, (August Smith, Manager.)

Co-operative Banks or Building Associations.

[See also Pages 178-206.]

MASSACHUSETTS—Amesbury co' perative bank, Amesbury, George E. Gale, secretary; Boston coöperative bank, Boston, Eugene M. Smith, secretary; Cambridge coöperative bank, Cambridge, John H. Pouce, secretary; South Framingham coöperative bank, South Framingham, H. L. Davenport, secretary; Germania coöperative bank, Boston, Andrew M. Dorr, secretary; Franklin coöperative bank, Franklin, H. E. Ruggles, secretary; Fitchburg coöperative bank, Fitchburg, Joseph F. Simonds, secretary; Gardner coöperative bank, Gardner, James A. Stiles, secretary; Fall River coöperative bank, Fall River, George E. Lathrop, secretary; Equity coöperative bank, Worcester, T. J. Hastings, secretary; Equitable coöperative bank, Lynn, Thomas Collyer, Jr., secretary.

NEW JERSEY Building and Loan Associations—Bordentown, William H. Wilson, secretary; Camden City, S. E. Fry, secretary; Franklin, E. K. Tartiner, secretary; Cape May City, N. C. Price, secretary; Belleville, R. P. Scaine, secretary; Mutual building and loan association, Newark, John Pardine, secretary; Clarksboro, J. H. Lamb, secretary; People's B. & L. A., Harrison, J. A. Riordan, secretary; Greenville B. & L. A., Jersey City, R. Routh, secretary; Mechanics' of Trenton, P. W. Crozer, secretary; Salem, D. W. Bullock, secretary; Harmonia, of Elizabeth, R. Gerke, secretary; Phillipsburg No. 4, Phillipsburg, S. C. Smith, secretary.

OHIO—In Cincinnati the following are a few of the most successful: The Cincinnati Turners' and Builders' Association, The Brighton Builders' Association, The Great Western Builders' Association, the Big Four Building and Savings Company, the Business Men's Building Association and Loan Company, the City and Suburban Building Association and Loan Company, the Consolidated Building and Savings Company, the Elmont Building and Saving Company, the Emperor Building and Loan Company, the Equality Building Association Company, the Excellent Loan and Building Association Company, the Progress Loan and Building Company, the Fifth Ward Builders' Association, the Grand Central Builders' Association, the Grand Union Builders' Association, the Lafayette Builders' Association, the Landwehr Building and Saving Company, the Mutual Home Building and Saving Company, the National Building Association Company, the Queen City Building and Loan Company, the Royal Building and Loan Company, the Seventeenth Ward Building and Loan Company, the New York Street Build-

ing Company, the Young Men's Building and Loan Company, the Westwood Avenue Building and Saving Company. Other business associations of Ohio are the Scioto Builders' Association, of Circleville; the Coöperative Loan, Building and Savings Association, of Oxford; the Clinton Building and Loan Association, of Columbus; the Quincy Building and Loan Association, of Quincy.

MINNESOTA—Continental Savings, Loan and Building Company, of St. Paul; Guaranty Building and Loan Association, of Minneapolis; Home Savings and Loan Association, of Minneapolis; Minnesota and Dakota Building and Loan Association, of Minneapolis; Minnesota Saving Fund and Investment Company, of Minneapolis; Northwestern Loan and Building Association, of Minneapolis; People's Building and Loan Association, of Minneapolis; Railway Building and Loan Association, of Minneapolis; Security Building and Loan Association, of Minneapolis.

NEW YORK CITY—American Savings and Loan Association, Assured Building and Loan Association, Bank Clerks' Building and Loan Association, Citizens' Savings and Loan Association, Dry Goods Coöperative Building and Loan Association, Daily News Building, Savings and Loan Association, East Side Building and Loan Association, Eureka Coöperative Savings and Loan Association, Equitable Coöperative Building and Loan Association, Federal Coöperative Building and Loan Association, Fordham Coöperative Building and Loan Association, Fraternity Coöperative Building and Loan Association, German-American Building and Loan Association, Greenwich Building and Loan Association, Home Mutual Building and Loan Association, Harem Coöperative Building and Loan Association, Herald Employes' Coöperative Building and Loan Association, Industrial Coöperative Building and Loan Associaton, Jewelers' Building and Loan Association, Mount Morris Coöperative Building and Loan Association, Millinery Building and Loan Association, Model Building and Loan Association of Mott Haven, Metropolitan Coöperative Building and Loan Association, Mount St. Vincent Building and Loan Association, Murray Hill Coöperative Building and Loan Association, Manhattan Mutual Coöperation Savings and Loan Association, New York World Coöperative Building and Loan Association, New York City Coöperative Savings and Loan Association.

PENNSYLVANIA—In Philadelphia, a few of the most successful are: The City of Homes Building and Loan Association, Gurney Building and Loan Association, Ben Franklin Building and Loan Association, Royal Building and Loan Association, Ritner Building and Loan Association, Economy Building and Loan Association, Belrose Building and Loan Association, Second Street Marks Building and Loan Association, Safeguard Building and Loan Association, Prospect Building and Loan Association, Concord Building and Loan Association, Solar Building and Loan Association, West Park Avenue Building and Loan Association, Model Building and Loan Association, Ridley Building and Loan Association, Second German Southeastern Building Association, Third German Central Building Association, Consolidation Building Association, Delaware Building Association, the Invincible Building and Loan Association, the Atlas Building and Loan Association, the Northwest Building and Loan Association, the East Park Building and Loan Association.

NOTES—See Bibliography for list of newspapers, etc., on this department of coöperation. Blanks, books and other supplies for coöperative banks are a specialty with Thomas Gaffney, 1414 South street, Spangler & Davis, 529 Commerce street, Philadelphia, Pa.

Directory of Women's Exchange.

[See Pages 241-252.]

In this list, it is only necessary to address "The Women's Exchange" at each address given, though where the name of the exchange is different from this title it is printed in full.

Arkansas, Little Rock, 121 Main street. California, Los Angeles, Woman's Industrial Exchange, 125 East 4th street; San Diego, Woman's Industrial Exchange, 939 Sixth street; San Francisco, 116 Sutter street; Santa Barbara, Woman's Industrial Exchange, 729 State street. Connecticut, Bridgeport Exchange for Woman's Work, 24 P. O. Arcade; Hartford, United Workers and Woman's Exchange, 49 Pearl street; Stamford, Exchange for Woman's Work, 9 Atlantic street; Waterbury, 149 Bank street. Washington, 609 13th street, N. W. Georgia, Augusta, 309 McIntosh street. Illinois, Chicago, Exchange for Woman's Work, 209 Wabash avenue; Decatur, North Park street; Jacksonville, 317 West State street; Springfield, 227 South 5th street. Kansas, Woman's Industrial Exchange, Corner Sixth street and Kansas avenue; Topeka, Ladies' Exchance, 119 West Sixth avenue; Wichita, 243 North Main street.

Kentucky, Lexington, 42 North Upper street; Louisiana, New Orleans, Christian Woman's Exchange, South and Camp streets. Maryland, Baltimore, Woman's Industrial Exchange, 331 North Charles street. Massachusetts, Amherst; Boston, Woman's Educational and Industrial Union, 98 Boylston street; New Bedford, Depository of the Union for Good Works, 6 Purchase street; Northampton, Exchange for Woman's Work, 3 Main street; Worcester Woman's Employment Society, 5 Forest avenue. Michigan, Detroit, Exchange for Woman's Work, 12 Grand River avenue. Minnesota, Duluth, Woman's Work Exchange, 323 Superior street; St. Paul, Woman's Work Exchange, Endicott Arcade. Missouri, St. Joseph, 513 Francis street; St. Louis, 617 Locust street.

New Jersey, Elizabeth, 87 Broad street; Englewood, Woman's Work Exchange, Palisade avenue; Morristown, Woman's Work and Art Exchange, South street; Newark, Exchange for Woman's Work, 544 Broad street; New Brunswick, Woman's Depository and Exchange, Neilson street; Plainfield, 61 Park avenue. New York, Albany, 46 North Pearl street; Brooklyn, Woman's Work Exchange and Decorative Art Society, 122 Atlantic avenue; Buffalo, 298 Main street; Mt. Vernon, 66 Fourth avenue; New York, Exchange for Woman's Work, 329 Fifth avenue; New York, Harlem Exchange for Woman's Work, 40 West

125th street; New York, Madison Avenue Depository and Exchange for Woman's Work, 628 Madison avenue, corner 59th street; Rochester, Rochester Art Exchange, 510-12-14 Powers' Building; Troy, 43 Fourth street; Utica, 240 Genesee street. Ohio, Cincinnati, Corner Race and Longworth streets; Cleveland, 61 Kendal Building, 106 Euclid avenue; Columbus, 17 High street.

Pennsylvania, Harrisburg, Art Exchange, 10 North Mark square; Lancaster, 118½ East King street; Philadelphia, Ladies' Depository Association, 1108 Walnut street; Philadelphia, Exchange for Woman's Work; Pittsburgh and Allegheny, Woman's Industrial Exchange, 628 Pennsylvania avenue, Pittsburg. Rhode Island, Bristol, Exchange for Woman's Work, Hope street; Neport, Woman's Exchange, 24 Washington square; Providence, R. I. Exchange for Woman's Work, 29-33 Market square. South Carolina, Charleston, Exchange for Woman's Work, 217 King street. Tennessee, Memphis, Exchange for Woman's Work, 32 North Court street. Texas, Houston, 120 Main street; San Antonio, 7 Avenue D.

Virginia, Charlottesville, Exchange for Woman's Work, 124 Main street; Lynchburg, 811 Main street; Norfolk, Woman's Work Exchange, 43 Granby street; Richmond, Exchange for Woman's Work, 327 East Franklin street; Staunton, Main street. Washington, Tacoma, Tacoma Exchange, 109 South 10th street. Wisconsin, Madison, 12 Carroll street; Milwaukee, Woman's Industrial Exchange, 413 Milwaukee street; Oshkosh, 22 Washington street. Dominion of Canada, Montreal, Woman's Industrial Exchange, 2260 St. Catherine street.

The Laws Relative to Co-operation.

BY EDMUND P. KENDRICK.

An abstract of the laws of the States and Territories concerning the organization of coöperative associations, taken from the best sources obtainable, is given below. In many of the States there is no special law for organization of work associations. In such cases the law governing ordinary business corporations is given. Corporations organized under general laws will often be as useful as if under a special law for coöperative societies. Some States have special statutes relative to coöperative fire insurance, banks and banking associations.

The abstracts given are generally only brief summaries of the law in each State. It will generally be found advisable to employ some attorney to assist in the drawing up of papers, and to see that all the requirements of statutes are complied with. Sets of the blanks required can in most cases be obtained by writing to the Secretary of State at the State Capital.

ALABAMA—No special law for co-operative enterprises. Two or more persons can form themselves into a private corporation for the purpose of carrying on any lawful business except certain kinds specifically provided for by law, by filing in the probate court of the County where such company proposes to have its principal place of business a written declaration signed by themselves setting forth the names and residences of the petitioners, the name of the proposed corporation, the place where it is to have its principal or only place of business, the nature of the business to be done, the amount of capital stock. Fifty per cent of the proposed capital stock must be subscribed, and twenty per cent paid in before the court will issue a certificate of incorporation and the company authorized to do business.

ARIZONA—Any number of persons may form a corporation for any lawful kind of business. The corporators before commencing business must adopt articles which must be signed and acknowledged same as deeds and recorded in the County recorder's office. The articles must contain the name of the corporators and of the corporation; the nature of the business to be transacted; amount of capital stock and how and when to be paid in; time of commencement and expiration; what officers the company is to have and when and how elected; the largest amount of indebtedness to be contracted; whether or not private property is to be exempt. This last is important as otherwise corporators are liable for debts. Articles must be published six days in a newspaper published in the County. The company may then commence doing business. Copy of newspaper must be filed in the office of secretary of the territory with three months. For general purposes the existence must be limited to twenty-five years, but may be renewed.

ARKANSAS—Any number of persons, not less than three, may associate themselves under the general corporation law for any lawful purpose. The capital stock must be divided into shares of twenty-five dollars each. The corporators at the first meeting adopt articles of incorporation and elect directors. The directors choose the other officers. Before commencing business a certificate stating names

of incorporators, etc., copy of articles of incorporation must be filed with the Secretary of State and with the County Clerk.

CALIFORNIA—Organizations must be under general corporation law. Five or more persons may associate themselves for any lawful purpose. They must adopt articles of incorporation setting forth the name, place of business, purpose, term of existence not to exceed fifty years, number and names of directors, amount of capital stock and amount paid in. The articles must be signed, acknowledged and filed with the Secretary of State and County Clerk. Ten per cent of the subscribed capital must be paid in before articles are filed. In this State stockholders are liable for such proportion of the debts of the company as their part of the capital stock bears to the whole capital. The full text of the special law insuring the safety of loans stored in the local warehouses, as referred to in page 196. is as follows:

Section 1. That no warehouseman, wharfinger, or other person, doing a storage business, shall issue any receipt or voucher for any goods, wares, merchandise, grain, or other produce or commodity, to any person or persons purporting to be the owner or owners thereof, unless such goods, wares, merchandise, grain or other produce or commodity, shall have been bona fide received into store by such warehouseman, wharfinger, or other person, and shall be in store and under his control at the time of issuing such receipt.

Sec. 2. That no warehouseman, wharfinger, or other person engaged in the storage business, shall issue any receipt or other voucher upon any goods, wares, merchandise, grain, or other produce or commodity, to any person or persons, as security for any money loaned, or other indebtedness, unless such goods, wares, merchandise, grain, or other produce or commodity shall be, at the time of issuing such receipt, the property of such warehouseman, wharfinger, or other person, shall be in store and under control at the time of issuing such receipt or voucher as aforesaid.

Sec. 3. That no warehouseman, wharfinger, or other person as aforesaid, shall issue any second receipt for any goods, wares, merchandise, grain, or other produce or commodity, while any former receipt for any such goods or chatteis as aforesaid, or any part thereof, shall be outstanding and uncancelled.

Sec. 4. That no warehouseman, wharfinger, or other person as aforesaid, shall sell or encumber, ship, transfer, or in any manner remove beyond his immediate control, any goods, wares, merchandise, grain, or other produce or commodity for which a receipt shall have been given as aforesaid, without the written assent of the person or persons holding such receipt or receipts plainly indorsed thereon in ink.

Sec. 5. Warehouse receipts for property stored shall be of two classes: First, transferable or negotiable; and second, non-transferable or non-negotiable. Under the first of these classes, all property shall be transferable by the indorsement of the party to whose order such receipt may be issued, and such indorsement of the party shall be deemed a valid transfer of the property represented by such receipt, and may be in blank or to the order of another. All warehouse receipts for property stored shall distinctly state on their face for what they are issued, as, also, the brands and distinguishing marks; and in the case of grain, the number of sacks and number of pounds, and kind of grain; also, the rate of storage per month or season charged for storing the same.

Sec. 6. No warehouse man, or person or persons, giving or issuing negotiable receipts for goods, grain or other property on storage, shall deliver said property, or any part thereof, without indorsing upon the back of said receipt or receipts, in ink, the amount and date of the deliveries. Nor shall he or they be allowed to make any off-set, claim, or demand other than as expressed on the face of the receipt or receipts issued for the same, when called upon to deliver said goods, merchandise, grain, or other property.

Sec. 7. No warehouseman, or person or persons, doing a general storage busines, giving or issuing non-negotiable or non-transferable receipts for goods, grain, or other property on storage, shall deliver said property, or any part thereof, except upon the written order of the person or persons to whom the receipt or receipts were issued.

Sec. 8. All receipts issued by any warehouseman or other person under this Act, other than negotiable, shall have printed across their face, in bold distinct letters in red ink, the words non-negotiable.

Sec. 9. No warehouseman, personor persons, doing a general storage business, shall be responsible for any loss or damage to property by fire while in his or their custody, provided reasonable care and vigilance be exercised to protect and preserve the same.

Sec. 10. Any warehouseman, wharfinger, person or persons, who shall violate any of the foregoing provisions of this Act, is guilty of felony, shall be subject to indictment, and, upon conviction, shall be fined in a sum not exceeding $5,000, or imprisonment in the State Prison not exceeding five years, or both. And all and every person aggrieved by the violation of any of the provisions of this Act, may have and maintain an action against the person or persons violating any of the foregoing provisions of this Act, to recover all damages, immediate or consequent,

which he or they may have sustained by reason of any such violation as aforesaid, before any court of competent jurisdiction, whether such person shall have been convicted under the Act or not.

COLORADO—Organizations to be under general corporation law. Three or more persons may organize. They must adopt, sign and acknowledge a certificate of incorporation, which shall contain the name of the company, business to be carried on, amount of capital stock, term of proposed existence not exceeding twenty years, number of shares of stock, place where business is to be carried on. A copy of the certificate is to be filed with the recorder of each County and in the office of the Secretary of State. Shares of stock must not be less than one dollar nor more than one hundred dollars each.

CONNECTICUT—Seven or more persons may associate themselves together and form a co-operative association by articles of agreement signed by the members and recorded in the Clerk's office of the town where the business is to be transacted. The first meeting should be called by notice as provided by statute, or this notice may be received in writing by all the signers to the agreement. A copy of the by-laws must be recorded in the Town Clerk's office. The business of the association is to be managed by a president, treasurer and a board of not less than five directors. The capital stock cannot exceed $50,000. No person can become a stockholder except by the consent of the managers.

DELAWARE—The purposes for which a corporation or association may be formed in this State are limited, but the process is simple. They are formed under the general corporation Act, which provides for incorporation for the purposes of carrying on any manufacturing business, for preserving animal or vegetable food, for draining low lands, for business loan associations and for religious, charitable and literary purposes. Three or more persons make articles in writing stating the objects, conditions, capital, name, etc., and present them to the associate judge of the supreme court of the County in which the principal business is to be transacted. If after examination and publication no sufficient reason is shown to the contrary, the signers are incorporated. It is probable that business can be obtained to maintain co-operative stores, etc.

DISTRICT OF COLUMBIA—Must organize under general corporation law. The process is in brief, by making and acknowledging a certificate, and recording the same in the office of the Recorder of the District.

FLORIDA—Organizations to be under general corporation law. Notice must be published in newspaper containing name, place and nature of business, amount of stock, how paid in, time of commencement and termination, highest amount of indebtedness, list of officers. Copies of articles are to be filed with Secretary of State, and Clerk of Circuit Court. The corporation exists when the articles are filed.

GEORGIA—Corporations under general laws are granted by the Supreme Court. The persons desiring a charter file a petition in the clerk's office, stating the objects of the association, name, amount of capital, etc. The court after notice by publication can grant the charter. The charter is for twenty years with privilege of renewal.

IDAHO—Five or more persons may file a certificate acknowledged by them in the office of the Recorder where the principal place of business is to be located. The certificate should state the name of the proposed company, place of business, amount of stock, number of shares, time of existence, not to exceed fifty years, number and names of trustees. The trustees named shall hold their offices for three months. Each stockholder is liable for his proportion of the debts of the company.

ILLINOIS—May organize under the Act providing for the incorporation of co-operative associations, or under general laws for forming corporations. Under the first named Act not less than three nor more than seven persons who desire to become incorporated as a co-operative association for the prosecution of any branch of industry, may make a statement to that effect under their hands and seals duly acknowledged, setting forth the name of proposed association, capital stock, duration, location and the particular branch of industry which they intend to prosecute. This statement is to be filed in the office of the Secretary of State.

The secretary shall therefore issue a license to such persons as commissioners to open books for subscription. No person can take more or less than one share. When ten or more shares are subscribed the commissioners call a meeting of the subscribers for the purpose of organizing by electing directors, adopting by-laws, etc. The commissioners make a report to the Secretary of State, who issues a certificate of incorporation, and when a copy of the certificate is recorded in the office of the Recorder of Deeds of the County where the principal place of business is located the association is fully organized and ready for business. The shares of stock under this law shall not be less than $50 nor more than $2,000 in value. It is intended in associations organized under this Act that each shareholder shall put in his own labor for the benefit of the association, or may, when necessary, employ a competent substitute, the chief feature of the associations being the co-operation of labor.

Corporations may be formed in a similar manner, under the general corporation law, without this principle of co-operation of labor, the value of the shares being from ten to two hundred dollars, no limit as to the number of shares to be taken by each subscribed.

INDIANA—Companies may be incorporated by three or more persons. Articles of association are to be executed and filed in the office of the Secretary of State. When the requirements of organization are compared with it, a statement is to be recorded in the office of the Clerk of the Circuit Court.

INDIAN TERRITORY—CHEROKEE NATION—No associations of this character are chartered within the limits of the Cherokee Nation, except for mining purposes. A license to trade may and must be obtained from the National Council. A tax on the value of goods offered for sale must be paid to the National Treasury.

IOWA—By the general corporation law any number of persons may sign and acknowledge articles of incorporation, which are to be recorded in the office of the Recorder of Deeds in the County in which the principal place of business is to be located. A notice must be published for four weeks in a newspaper in the County. The notice must contain the home of the company and its principal place of business; the nature of the business; amount of capital stock authorized and when it is to be paid in; time of commencement and termination; names of officers; highest amount of indebtedness, and whether private property is to be exempt. The corporation exists as soon as the articles are filed with the Recorder.

KANSAS—Corporations are organized by five or more persons. If co-operative, the number must be twenty or more. The method of organizing is by filing a charter with the Secretary of State, giving the name of the company, object for which it is formed, place of business, number of directors, amount of capital stock, number of shares, etc.

KENTUCKY—Any number of persons may associate themselves for most any kind of legal business. They must adopt articles of incorporation, which are to be signed, acknowledged and recorded in the office of the County Clerk of the County where the principal place of business is to be located. The corporation is then ready for business.

LOUISIANA—Three or more persons may organize under the general corporation law, with a capital of not less than $5,000. The name of the company or association must have the word "limited" as the last word of the name, otherwise all the members are liable for the debts of the concern. The charter or statement of association must contain certain facts as required by statute. All charters must be recorded in the mortgage office of the parish where the corporation is located.

MAINE—Three or more persons may associate themselves together for the purpose of forming any lawful business, by written articles of agreement. The first meeting is called by one of the subscribers, giving the others fourteen days notice, or by publication. At this meeting they can organize as a corporation, adopt a name, define the purposes, fix the amount of capital stock which shall not be less than $1,000, elect officers and adopt by-laws. Before commencing business the president, treasurer and a majority of the directors shall prepare a certificate setting forth the required facts concerning the company, and shall sign and make oath to it. After the certificate has been examined by the Attorney General and

certified by him to be correct, it is recorded in the registry of deeds and a certified copy filed in the office of the Secretary of State. The corporation exists from the time of the filing in the office of the Secretary of State.

MARYLAND—Corporations may be formed by five or more persons. They must make, sign and acknowledge a certificate stating the name, which shall always include the name of the City or County where it is formed; the names and residence of the corporators, the kind of business to be transacted, the time of its proposed existence, not to exceed forty years; the articles and conditions under which it is to be formed, amount of capital stock, place of business, number of directors or trustees and the number of those who are to manage the business the first year. This certificate is to be certified to by one of the Judges of County or City where the corporation is to be located and is then to be recorded.

MASSACHUSETTS—Under the general law a corporation may be formed for the purpose of co-operation in carrying on any trade or business, with a capital of not less than one thousand nor more than one hundred thousand dollars. The word "co-operative" shall be in the name. The association if formed by seven or more persons associating themselves together by an agreement in writing, stating the name, purpose, location, amount of capital stock, par value and number of shares. The first meeting is called by one of the subscribers, notifying the others by a written notice delivered or mailed to the others at least seven days before the time of holding the meeting. At this meeting the corporation is organized by the election of clerk, adoption of by-laws and election of other officers as called for by the by-laws. The directors choose the president. The proceedings are certified by the Commissioner of Corporations, but before the corporation can commence doing business, the capital stock must be paid in in full, and a certificate of that fact sworn to by the president, treasurer and a majority of the directors filed with the Secretary of State. The capital can be increased as required to the limit named. The law provides that in co-operative associations no one person shall hold shares more than one thousand dollars in amount at par value. No distribution of profits shall be made until at least ten per cent of the net profits has been appropriated for a contingent or sinking fund, until there has accumulated a sum equal to thirty per cent in excess of the capital stock.

MICHIGAN—Any seven or more persons may unite in a co-operative association for the purpose of purchasing groceries, provisions and any other articles of merchandise and selling the same to the stockholders and others at such reasonable price over the cost thereof, as will enable the members to obtain such commodity at the smallest practicable rate of cost, and also to manufacture articles and sell them as aforesaid, for the purpose of raising produce and animals and for other purposes. They may become incorporated by signing and acknowledging articles of association stating the purpose for which it is formed, number of officers and directors, names of those first agreed on, amount of capital stock and number of shares, amount of capital paid in, names of the stockholders with residence and number of shares taken by each; the name of the corporation, place where business is to be transacted, the time and place of the annual meeting, etc. Before the corporation can commence business the articles shall be filed in the office of the Secretary of State and with the County Clerk.

MINNESOTA—Co-operative associations may be formed by seven or more persons. The capital stock is limited to $1,000. All that is required by legal organization is to make articles of association setting forth objects, place of business and amount of capital stock. The by-laws are to be filed with the Clerk of the town where located.

MISSISSIPPI—A proposed charter is to be drawn up and subscribed to the Attorney General. If approved by him it is submitted to the Governor, and when approved by him it is sealed with the State seal. The charter is then recorded in the office of the Secretary of State.

MISSOURI—Articles of incorporation are to be drawn up under the general corporation law, setting forth the facts as to the proposed company. They must be signed and acknowledged by the parties and recorded in the office of the Secretary of State, who issues a certificate of incorporation. One-half of the

capital stock must be paid up before commencing. The corporation must be for a definite number of years not exceeding fifty.

MONTANA—Corporations may be formed by three or more persons. They must make, sign and acknowledge a certificate setting forth the name, object, capital, number of shares, term, not more than twenty years, place of business and the names of the trustees first elected. This certificate is filed in the Recorder's office, and a duplicate recorded in the office of the Secretary of State.

NEBRASKA--Any number of persons may incorporate. They adopt articles of incorporation and have them recorded in the office of the County Clerk. Notice of the incorporation is to be published. The indebtedness of the company shall not exceed two-thirds the amount of the capital stock.

NEVADA—Three or more persons may organize a corporation. They make, sign and acknowledge a certificate which shall state the name, object, amount of capital stock, term of existence, not exceeding fifty years; number of shares, number and names of trustees and principal place of business. The certificate is to be filed in the office of the County Clerk.

NEW HAMPSHIRE—Corporations with a capital stock of from $1,000 to $10,000 by five or more persons making written articles of agreement recorded in the Town where the principal place of business is to be transacted, and in the office of the Secretary of State.

NEW JERSEY—Seven or more persons may form a Co-operative Company by making and filing a certificate of their organization, stating name, amount of capital stock, which shall not be less than $1,000 nor more than $50,000: number and par value of shares, names and residences of stockholders and number of shares held by each, principal place of business, time of existence, which shall not be over fifty years. The certificate is to be acknowledged and recorded in the office of the County Clerk and a copy filed in the office of the Secretary of State.

NEW MEXICO—Substantially same as New Jersey, except that a copy of the articles is to be filed with the Clerk of Probate instead of County Clerk.

NEW YORK—Any number of persons, not less than three, may form an incorporation or company for the purpose of uniting their labor, capital or patronage on the co-operative plan, by filing in the office of the Secretary of State a declaration signed by the corporators, expressing their intentions to form such a company together with a copy of the charter proposed to be acepted by them. Capital stock must be at least $1,000; ten per cent must be paid in in cash. See Revised Statutes of New York, page 1626.

Any number of persons, not less than three, may form a corporation for the business of making butter, cheese, condensed milk or other products by the dairy, and certain other purposes. They shall file in the office of the Clerk of the County and a duplicate in the office of the Secretary of State, a certificate in which shall be noted the name of the company, the business to be carried on and the amount of capital stock, the time of existence of the company, not to exceed fifty; names of trustees, number of shares of stock, etc. The stock must be paid for half within one year and the balance in two years. Revised Statutes of New York, page 1731.

NORTH CAROLINA—Corporations may be formed by three or more persons either with or without personal liability for debts, by filing and recording a plan of incorporation in the office of the Clerk of Courts and of the Registrar of Deeds for the County in which the principal place of business is to be transacted.

NORTH DAKOTA—Articles of incorporation must be signed and acknowledged by three or more persons and filed in the office of the Secretary of State. The secretary must issue to the corporation a certificate that the articles have been so filed and that they contain a statement of the necessary facts, which facts are those usually required in the State.

OHIO—The following is from the laws of Ohio:

An association incorporated for the purpose of purchasing, in quantity, grain goods, groceries, fruit, vegetables, provisions, or any other articles of merchandise, and distributing the same to consumers at the actual cost and expense of purchasing, holding and distributing the same, may employ its capital and means in the

purchase of such articles of merchandise as it deems best for the company, and in the purchase or lease of such real and personal estate, subject always to the control of the stockholders, as may be necessary or convenient for purposes connected with and pertaining to its business, and may adopt such plan of distribution of its purchases among the stockholders and others as it deems most convenient, and best adapted to secure the ends proposed by the organization; and any profits that may arise from the business of the company may be divided among the stockholders from time to time, as it deems expedient, in proportion to the several amounts of their respective purchases.

Such an association can be formed by five or more persons subscribing and acknowledging articles of incorporation, and filing the same in the office of the Secretary of State.

OREGON—Three or more persons may organize a corporation by making and acknowledging articles of association containing the usual statement of facts concerning the proposed company. Three copies should be made, one to be filed in the office of the Secretary of State, one with the County Clerk and one to be retained by the company,

PENNSYLVANIA—Corporations are incorporated by the governor. The incorporators, not less than —— must sign and swear to a certificate containing the usual facts concerning the corporation, before the Recorder of the County where the principal place of business is to be located. The certificate is to be filed with the Secretary of State and advertised for three weeks.

RHODE ISLAND—Corporations must be chartered by the General Assembly on petition to the Assembly.

SOUTH CAROLINA—Applicants for incorporation must file with the Secretary of State a written petition, signed by themselves individually, which must set forth: First: The names and residences of the petitioners; second, the name of the proposed corporation, the place at which it proposes to have its principal or only place of business, the general purpose of the corporation and the nature of the business which it proposes to do; third the amount of capital stock, which must be specifically stated and not put in the alternative, the number of shares into which the capital stock is to be divided and the par value of each share; fourth, any other matter which it may be desirable to set forth in the organic law.

Upon the filing of such a petition, the Secretary of State will issue to two or more of the petitioners a commission constituting them a board of corporators, giving them authority to open books of subscription to the capital stock of the proposed company, and requiring them to give notice of the times and places of the opening of the books of subscription. Before a charter can be granted fifty per cent of the capital stock must be subscribed. When this is done the board of corporators must call the subscribers together by electing a board of directors, etc.

SOUTH DAKOTA—Same as North Dakota.

TENNESSEE—Five or more persons may apply to be organized as a corporation. The application is to be made in the form prescribed by the code, accompanied by a charter. The papers are to be signed and acknowledged before the County Court and recorded in the Register's office. All the papers are then to be registered in the office of the Secretary of State, who certifies the fact under the seal of the State.

TEXAS—In this State a charter is to be drawn up showing the name, place of business, object, number and names of directors, amount of capital stock, etc., of the proposed corporation. The charter is to be signed and acknowledged by three or more persons, and recorded in the office of the Secretary of State. A copy of the charter under the seal of the State is evidence of the incorporation.

UTAH—Five or more persons may organize as a corporation under general laws. The incorporators sign a written agreement which must be acknowledged by three of them before the Judge of Probate, stating name, place and kind of business, amount of capital stock, value of each share, the limit of stock agreed upon, number and kind of officers, with term of service and manner of election; also whether or not the stockholders are to be individually liable, with any other facts desired in the charter. To this is added the oath of three or more of the corpora-

tors that it is their intention to carry on said business and that the signers have paid or will pay the amount of subscribed capital. The agreement is to be filed in the office of the Probate Clerk and there recorded. The elected officers will then take their oath of office. The Probate Clerk then issues a certificate of all the facts and copies of all the papers which is to be filed in the office of the Secretary of the Territory. A certificate of the Secretary, of the filing of the above papers constitutes the organizers as a corporation.

VERMONT—A corporation can be organized by three or more persons uniting by articles of association. The articles should be substantially as follows: "We, the subscribers, hereby associate ourselves together as a corporation under the laws of the State of Vermont, to be known by the name of——for the purpose of——at——in the County of——in said State, with a capital stock of——divided into——shares of——dollars each." The articles signed by the corporators are to be transmitted to the Secretry of State. The Secretary is to record the same and a certified copy of the record has the effect of a special charter. Before the company commences business it shall publish the charter at length in some newspaper.

VIRGINIA—Corporations may be obtained for most any lawful purpose by application to the Courts. The Judges have the power to issue charters either at term time or in vacation.

WASHINGTON—Two or more persons may organize a corporation by executing three copies of articles of incorporation, stating the name, object, place of business, capital stock, manner of electing officers, etc. The articles are to be acknowledged and filed, one in the office of the Secretary of State, one in the County Auditor's office and one to be kept by the corporation.

WEST VIRGINIA—Joint stock companies are organized by an agreement to form a corporation executed and acknowledged by five or more persons. Affidavits of two or more of the corporators must be made, stating that ten per cent of the subscribed capital has been paid in. The agreement with the acknowledgements and affidavits is to be delivered to the Secretary of State, who will issue a certificate of incorporation.

WISCONSIN—Corporations are organized by three or more citizens of Wisconsin, making and acknowledging a written declaration that they associate themselves under the Statutes for the purpose. The declaration should contain a statement of the name, location, object, number of shares, par value, duties of officers, number of directors, and other provisions and by-laws not inconsistent with law. The articles are to be filed with the Secretary of State, and recorded in the registry of deeds.

WYOMING—Three persons or more may organize a corporation under the laws of the Territory. The corporators make, sign and acknowledge duplicate certificates stating name, place of business, capital stock, purpose of the corporation, also the term of existence, not to exceed fifty years, names of first officers, etc. One of the certificates is to be filed in the office of the County Clerk and one in the office of the Secretary of the Territory.

THE ENGLISH LAW—The Industrial and Provident society (Act of 1878, 39 and 40 Victoria, Chapter 45) is a model law for the incorporation and management of co-operative societies, at least under English conditions. It has been published with notes by the Central Co-operative Board, Manchester, England, and may be obtained by those interested in securing better legislation for co-operators in this country by sending 50c to the above address. After certain definitions the law provides that the Industrial and Provident, or co-operative societies may be registered under its provisions for carrying on any labor, trade or handicraft, whether wholesale or retail, including the buying and selling of land. No member other than a registered society shall hold an interest exceeding $1000, and such member shall have but one vote. No society can be registered unless it has at least seven members and a name distinct from that of any existing society, the word "limited" being the last word in the name of every society. If any registrar refuse to register a society or its rules, appeal is provided for. The society's rules must conform to the law, and any amendments must also be

registered. Section 10 compels every society to have a registered office to which all communications and notices may be addressed; to have its name conspicuously affixed to every place of its business; to have its accounts audited at lease once a year, either by a public auditor provided for in the law, or by one or more persons appointed by the society; to send to the registrar an annual statement of the receipts and expenditures, funds and effects, with auditor's certificate; to allow members to inspect the books, supplying each gratuitously with a copy of the annual return, and post its last balance sheet in a prominent place. Such societies may take deposits of not less than £1.25 in any one payment, nor more than £100 for any one depositor, payable on not less than two clear days' notice; but such societies shall make no payment of withdrawable capital while any claim due on account of deposits is unsatisfied. As to banking operations on a larger scale, the rules provide that no society which has any withdrawable share capital shall carry on the business of banking, and every society which conducts such business shall conspicuously post a semi-annual statement of its condition in a prescribed form. It is an offense to violate any provisions of the law, for which every officer of the society is held responsible, under heavy penalties. The registry of societies is equivalent to incorporation, and its documents must be recorded. Registry binds the society and all its members to its rules as though each member had subscribed his name and affixed his seal thereto. Money due from members is a debt recoverable from them. The society is exempt from income tax. Payments of deceased members' interest are provided for, and the rights of minors as members are guarded. The rules must provide for a register of members and shares, for the carrying out of contracts, holding property, advancing money to members or making investments, the application of profits, discharge of mortgages, etc. Fraud or misappropriation of a society's property or name is heavily punished, and officers in receipt or charge of money must give bonds and render accounts. Disputes may be referred to justices. Members may appeal to registrars for an inspection of the society. The law also defines special resolutions of societies and the proceedings which may be taken thereon, also for the dissolution of societies. It also regulates the proceedings or the duties of registrars under the act.

The rules of the Rochdale Society, printed in full in this Appendix, cover all the points in the English law.

The Bibliography of Co-operation.

A LIST OF BOOKS ON COÖPERATION AND ALLIED TOPICS, INCLUDING PAMPHLETS AND LEAFLETS.

Any of the following marked with an asterisk (*) may be obtained from the Orange Judd Co., 52 Lafayette Place, New York, N. Y., postpaid on receipt of price. The others are either out of print or may be had of the address given in the notice.

THE HISTORY OF CO-OPERATION in England; its literature and its advocates. By George Jacob Holyoake. Vol. 1, 5x7½ inches, 420 pages, describing the pioneer period from 1812 to 1844. Published by Trubner & Co., London, in 1875. Vol. 2, The Constructive Period, 1845 to 1878; 8x5 inches, 502 pp; Trubner & Co., 1878. These two volumes cover the whole ground of co-operative effort in Great Britain down to 1878. It is invaluable to any student of the subject, and is commended to all who would master the principles of co-operation. The now venerable author is not only the accredited historian of the movement in England but for 50 years its advocate and for much of the time its chief writer. Price,.....*$5.00

WORKING MEN CO-OPERATORS: What they have done and what they are doing. An account of the artisans' co-operative movement in Great Britain, with information how to promote it. By Arthur H. Dyke Acland & Benjamin Jones. Pp. 136, 4½x6 inches; London, 1884; Cassell & Co. This is a short, simple account of English co-operation, its aims, its work, its principles—the best and most complete concise manual of English co-operation.
Price,.....Paper 25c, Cloth 50c.

THE HISTORY OF CO-OPERATION IN THE UNITED STATES. This is Volume 6 in the Johns Hopkins University studies in Historical and Political Science. Herbert B. Adams, Editor. It comprises six parts—Co-operation in New England, by Edward W. Bemis; Co-operation in the Middle States, by Edward W. Bemis; Co-operation in the Northwest, by Albert Shaw; Three Phases of Co-operation in the West, by Amos G. Warner; Co-operation on the Pacific Coast, by Charles Howard Shinn; Co-operation in Maryland and the South, by Daniel R. Randall. Pp. 540, 5¾x9½ inches; Baltimore, 1888, N. Murray. Price,.....*$3.50

THE HISTORY OF CO-OPERATION IN ROCHDALE. Part 1, from 1844 to 1857; Part 2, 1857 to 1877. In this book George Jacob Holyoake gives a clear though rambling account of the humble beginnings, early struggles and marvellous developments of the Rochdale Equitable Pioneers, the originators of the Rochdale system of co-operation. In one volume, 5x7½ inches in size, pp. 158. London, Trubner & Co. 1867 to 1878. Price,.....*$1.50

PROFIT SHARING BETWEEN EMPLOYER AND EMPLOYE. By N. P. Gilman. With an introduction on the Industrial Problem. This book treats first on product sharing and the wages system in its various forms, then introduces the father of profit sharing (Leclaire), describes the growth of his house to date, the spread of profit sharing in various industries, then in agricultural transportation and distribution, industrial partnerships and profit sharing in England and America, history and analysis of experience in profit sharing, winding up with an argument in favor of the system. Pp. 450, 5x8 inches. Boston and New York, Houghton, Mifflin & Co. Price,.....*$1.75

A MANUAL OF CO-OPERATIVE DISTRIBUTION in Great Britain. Prepared in accordance with a resolution of Massachusetts Legislature in 1885, by Carroll D. Wright, Chief of the Massachusetts Bureau of Statistics of Labor, published by the Bureau of Labor, Boston; 110 pp., 5¾x9 inches. This can be obtained free by sending a few postage stamps to the above address.

A TREATISE ON CO-OPERATIVE SAVINGS AND LOAN ASSOCIATIONS,

including building and loan associations, mutual savings and loan associations, accumulating fund associations, co-operative banks, etc., with Appendix containing laws, precedents and forms, by Seymour Dexter. New York, D. Appleton & Co., 1889. pp. 300, 5x7¼ inches This is the most complete practical manual on this special branch of co-operative effort, and we heartily commend it. Price,.....*$1.25

A MANUAL FOR CO-OPERATORS. Edited by Thomas Hughes and E. V. Neale, general secretary of the Co-operative Union. Published for the Central Co-operative Board, City Buildings, Corporation street, Manchester; 1888; Pp. 266. This manual prepared at the request of the Co-operative Congress held at Gloucester, England, in 1879, and revised in 1888, is a standard authority in England. It treats of the moral basis of co-operation and its relations to religious faith, other philanthropical movements, socialism, communism and polito-social effort. It then treats of the economical basis of co-operation and its relations to competition, current economic theories and the State. The practice of co-operation in distribution, production, social life and as respects the law is considered, also the helps and hindrances to co-operation and the dangers to be guarded against.

A MANUAL FOR BUILDING AND LOAN ASSOCIATIONS. By Henry S. Rosenthal. This manual embraces the origin and history of co-operative societies, objects and benefits of building associations, plans and methods of organizing and conducting them, legislation, constitution and by-laws, forms and descriptions of books, blanks and papers, interest and dividend tables, and a comprehensive variety of practical and useful information and suggestions. Pp. 256, 7x9 inches. Cincinnati, S. Rosenthal & Co., 1888. This edition is exhausted. The second edition, of 1891, will treat in addition to the foregoing the subjects of auditing, serial plan and national plan. Price,....*$1.50

THE CO-OPERATIVE MOVEMENT OF TO-DAY. The object of this book is to explain the nature, growth and extent of co-operation in England to outsiders. By George Jacob Holyoake, 1891. Methuen & Co., Publishers, 18 Bury street, London, W. C. 5x7¼, pp. 198. Price,.....*$1.00

THE CO OPERATIVE MOVEMENT IN GREAT BRITAIN. By Beatrice Potter. London; Swan Sonnenschien & Co., 1891. Price,.....2s. 6d.

CO-OPERATION AS A BUSINESS. By Charles Barnard. New York, G. P. Putnam's Sons, 27 and 29 West 23d street. 1881. 7x5 inches; 234 pp. A useful little book, but unfortunately out of print and will not be reprinted.

THE ANNUAL OF CO-OPERATIVE WHOLESALE SOCIETIES, 1891, gives a splendid insight into the enormous business done by the English Wholesale and also by the Scottish Wholesale (see Page 30). Pp. 546, 5½x8¾ inches. It is published annually by the Co-operative Wholesale Society, Limited, of Manchester, England. The edition is small and the price 2s 6d per copy, with 10d added for postage, making it cost 3s 4d postpaid, or about 80c. The duty payable at the sender's local postoffice in this country will be about 20c.

THE REPORTS OF THE CO-OPERATIVE CONGRESS cover in detail the proceedings at the Annual Co-operative Congresses of England, Scotland, Ireland and Wales. They give not only the papers and discussions in full but also the official returns from each of the co-operative societies in these countries for the preceding year, and are full of very valuable information, even to co-operators in this country. These reports are published by the Co-operative Union Limited, 14 City Buildings, Corporation street, Manchester, England. The edition is limited each year, but a copy could probably be obtained from the above address for 4s postpaid, $1.

THE PEOPLE'S BANKS OF GERMANY are quite fully described in Richard T. Ely's article in the Atlantic Monthly for February, 1881. More exact and definite rules and regulations are published in the German language by the originator of the system, Schulze-Delitzsch. His book and the annual reports of the central association of these banks are sold for a reasonable price and

can be obtained from any German bookseller, among others Mayer & Muller, 51 Franzosische street, Berlin, Germany.

AGRICULTURAL CREDIT IN GERMANY. By Emmanuel Le Barbier, is a very full treatise on the various systems of co-operative banking in vogue among German farmers. It is printed only in French, with the title "Le Credit Agricole en Allemagne," and was published by Berger, Leverault & Company, No. 5 Rue des Beaux-Arts, Paris, in 1890. Fortunately, however, the portions of the work of most practical interest in America are intelligently summarized in Reports No. 83, No. 86 and No. 87 of the Statistics of the United States Department of Agriculture at Washington, for April, July and August respectively. No. 83 describes Rural Co-operative Banks; No. 86, The People's Banks of Germany; No. 87, The Raiffeisen Loan Associations of Germany, a form of agricultural banks. As long as the supply lasts, interested citizens can obtain these reports free by applying to Secretary of Agriculture, Washington, D. C.

PAPERS AND TRACTS. "The Sociologic and Co-operative News" is the rather uninviting title of a eight-page sheet published at York Harbor, Me., by Mrs. I. C. Fales, secretary of the Sociologic Society; price 50c a year. Mrs. Fales also furnishes the English Co-operative News at $2.25 per year, together with the following English pamphlets or tracts: A manual on systems of checks, compiled for co-operative societies, by the Central (English) co-operative board, 25c; What is meant by Co-operation, by Benjamin Jones, 5c; The Growth of Co-operation in England, by G. J. Holyoake, 10c; Co-operative Production in Great Britain, by J. C. Gray, 5c; Outline of Lessons on Co-operation, 10c; A Co-operative Village and How to Conduct it, 5c; Association Farming, 5c; The Story of the Formation of the Hibden Bridge Fustian Manufacturing Society, 5c; The Organization of Labor (from Holyoake's History of Co-operation), 10c; Equitable Co-operative Principles (The Religion of the Future), 25c. Secretary Fales also furnishes the following tracts of the American Sociological Society at 3c each, or 25c per dozen: Sociologic Principles, The New Civilization, Social Evolution, The Industrial Condition of the United States, The Lower and Higher Laws of Nature, The Philosophy of Co-operation, Religious and Social Changes, The Birth and Growth of the Rochdale System of Co-operation, Five Reasons Why I Am a Co-operator, The Lower Law of Competition and the Higher Law of Co-operation, The Relation of Competition to Co-operation, How to Form a Co-operative Society, The Principle of Co-operation, Model Rules for Forming a Co-operative Society, Our Position as Sociologists Defined, What to Do Now, Dividend—What it Is and How it Is Made, Political Co-operation, Studies for Beginners in Co-operation—(Part 1 The Store, Part 2 How to Create Capital), The Sociologic Society—Its History, Principles and Work.

THE BUILDING AND LOAN ASSOCIATIONS have several journals devoted to this form of co-operative banking. These include: "Building Association and Home Journal," Philadelphia, Pa.; Michael J. Brown, 529 Commercial street; established 1869; $1.00. Its special quadruple number in December, 1889, is a complete manual of the practical work of building associations, which we most highly commend. "Building and Loan News," New York City; Monthly, 16 pp., $1.00, established 1886; B. & L. News Co., 54 Beekman street. "National Building and Loan Herald," Minneapolis, Minn; Monthly, 18 pp., $1.00, established 1889; B. & L. Publishing Co. We regard the "Nationals" as something to be avoided. "Our Homes," New York City; Monthly, 12 pp., 50c; established 1888; Wm. H. Randall, 28 Center street. "Worker and Shareholder," Palmyra, N. Y; Monthly, 4 pp., 50c, established 1889; F. G. Crandall. "Co-operative News," Cincinnati, O; Monthly, 12 pp., $1.00, established 1890; S. Rosenthal & Co., 203 Vine street. Also publish books, blanks, etc., used by corporative banks. "Co-operative Building and Loan Association Bulletin," San Francisco, Cal; Monthly, 8 pp., $1.00, established 1889; John G. Leibert, 410 Sansome street. "American Building Association News," Chicago, Ill; Monthly, 20 pp., $1.00, established 1883; A. Coddington, 155 Washington street.

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[The Abbreviation **C** stands for Co-operation or Co-operative.]

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